THE MYSORE CO-OPERATIVE SOCIETIES ACT, 1959

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MYSORE ACT No. 11 OF 1959.

(First published in the Mysore Gazette on the Twentieth day of August, 1959).

THE MYSORE CO-OPERATIVE SOCIETIES ACT, 1959.

(AS AMENDED BY MYSORE ACT 40 OF 1964).

(Received the assent of the President on the Eleventh day of August 1959).

AN ACT TO CONSOLIDATE AND AMEND THE LAWS RELATING TO CO-OPERATIVE SOCIETIES IN THE STATE OF MYSORE.

WHEREAS it is expedient to consolidate and amend the laws relating to co-operative societies in the State of Mysore;

BE it enacted by the Mysore State Legislature in the Tenth Year of the Republic of India as follows:—

CHAPTER I.

PRELIMINARY.

1. *Short title, extent and commencement.*—(1) This Act may be called the Mysore Co-operative Societies Act, 1959.

(2) It extends to the whole of the State of Mysore.

[1][(3) It shall come into force on such date as the State Government may, by notification in the official Gazette, appoint.

2. *Definitions.*—In this Act, unless the context otherwise requires,—

(*a*) 'bye-laws' means the bye-laws registered or deemed to be registered under this Act and for the time being in force and includes a registered amendment of the bye-laws;

(*b*) 'committee' means the governing body of a Co-operative society, by watever name called, to which the management of the affairs of the society is entrusted;

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1. This Act has come into force on 1st June 1960 (*vide* notification No. A & F 21 CAD 59 (II), dated 25th May 1960).

(*c*) 'co-operative society' means a society registered or deemed to be registered under this Act;

(*d*) 'co-operative society with limited liability' means a co-operative society in which the liability of its members, for the debts of the society in the event of its being wound up, is limited by its bye-laws—

(i) to the amount, if any, unpaid on the shares respectively held by them; or

(ii) to such amount as they may respectively, undertake to contribute to the assets of the society;

(*e*) 'co-operative society with unlimited liability' means a co-operative society, the members of which are, in the event of its being wound up, jointly and severally liable for and in respect of all its obligations and to contribute to any deficit in the assets of the society;

(*f*) 'member' means a person joining in the application for the registration of a co-operative society and a person admitted to membership after such registration in accordance wih this Act, the rules and the bye-laws and includes a nominal and as associate member;

(*g*) 'officer' means the President, Vice-President, Chairman, Vice-Chairman, Secretary, Manager Treasurer, Liquidator, Administrator and includes a Member of Committee empowered to exercise any power or perform any function in regard to the business of a co-operative society, or any other person empowered under the rules or the bye-laws to give directions in regard to the business of a co-operative society;

(*h*) 'prescribed' means prescribed by rules made under this Act.

[1][(*i*) 'Registrar' means a person appointed to perform the functions of the Registrar of Co-operative Societies under this Act, and includes an Additional Registrar of Co-operative Societies, a Joint Registrar of Co-operative Societies, a Deputy Registrar of Co-operative Societies and an Assistant Registrar of Co-operative Societies appointed to assist the Registrar when exercising all or any of the powers of the Registrar;]

(*j*) 'rules' means the rules made under this Act;

[1][(*k*) 'Tribunal' means the tribunal constituted under section 2B].

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1. Substituted by Mysore Act 40 of 1964.

(*l*) references to any enactment or provision of law not in force in any area of the State of Mysore shall be construed as references to the corresponding enactment or provision of law, if any, in force in that Area.

[2]CHAPTER IA.

AUTHORITIES AND APPELLATE TRIBUNAL.

2A. *Registrar Additional Registrar, Joint Registrars, Deputy Registrars and Assistant Registrars.*—(1) The State Government may appoint a person to be the Registrar of Co-operative Societies for the State.

(2) The State Government may appoint an Additional Registrar of Co-operative Societies and as many Joint Registrars of Co-operative Societies, Deputy Registrars of Co-operative Societies as it thinks fit for the purpose of assisting the Registrar.

(3) The State Government may appoint such other officers with such designations as it deems fit to assist the Registrar.

(4) All officers and persons employed in the administration of this Act shall be subject to the superintendence, direction and control of the State Government and the Registrar, and the officers or officers to whom each officer appointed under this Act shall be subordinate shall be determined by the State Government:

Provided that the power vested in the State Government and the Registrar under this sub-section shall not be exercisable so as to interfere with the discretion of any authority in the exercise of any quasi-judicial function whether as original or appellate authority.

(5) The State Government may, by general or special order confer on any person appointed as Additional Registrar of Co-oeprative Societies, Joint Registrar of Co-operative Societies, Deputy Registrar of Co-operative Societies or Assistant Registrar of Co-operative Societies, all or any of the powers of the Registrar under this Act.

(6) Notwithstanding anything contained in this Act, matters relating to the audit and accounts of every co-operative society shall be subject to the supervision and control of the Registrar of Co-operative Societies for the State.

2B. *Tribunal.*—(1) The State Government shall constitute a Co-operative Appellate Tribunal consisting of a Chairman and two other members to exercise the functions conferred on the Tribunal

2. Inserted by Act 40 of 1964.

by or underthis Act. The Chairman of the Tribunal shall be a District Judge who has held office as such Judge for not less than three years and of other two members one shall be a Joint Registrar of Co-operative Societies and the other shall be an advocate having practical experience in the co-operative movement for a period of not less than ten years.

(2) Any vacancy in the membership of the Tribunal shall be filled by the State Government.

(3) (*a*) The functions of the Tribunal may be exercised by a Bench consisting of all the members of the Tribunal or in the event of the office of a member other than the Chairman being vacant by a Bench consisting of the Chairman and the other member.

(*b*) Where an appeal or application is heard by all the three members of the Tribunal, and the members differ in opinion on any point, the point shall be decided in accordance with the opinion of the majority.

(*c*) Where an appeal or application is heard by a Bench consisting of two members and the members are divided in their opinion, the case shall be referred to the full Bench.

(4) The Appellate Tribunal shall, with the previous sanction of the State Government, make regulations consistent with the provisions of this Act and the rules made thereunder, for regulating its procedure and the disposal of its business.

(5) The regulations made under sub-section (4) shall be published in the official Gazette.

(6) The Tribunal may call for and examine the record of any proceeding in which an appeal lies to it, for the purpose of satisfying itself as to the legality of properiety of any decisions or order passed. If in any case, it appears to the Tribunal that any such decision or order should be modified, annulled or reversed, the Tribunal may pass such order thereon as it may deem just.

(7) Where an appeal is made to the Tribunal under section 105 it may, in order to prevent the ends of justice being defeated make such interlocutory orders pending the decision of the appeal as may appear to it to be just and convenient, or such orders as may be necessary for the ends of justice, or to prevent the abuse of the process of the Tribunal.

(8) An order passed in appeal, or in revision under sub-section (6) or in review under sub-section (9), by the Tribunal, shall be final and conclusive, and shall not be called in question in any Civil or Revenue Court.

Explanation.—The Tribunal hearing an appeal under this Act shall exercise all the powers conferred upon an appellate court by section 107 and Order XLI in the First Schedule of the Code of Civil Procedure, 1908.

(9) The Tribunal may, either on the application of the Registrar, or on the application of any party interested, review its own order in any case, and pass in reference thereto such orders as it thinks just :

Provided that no such application made by the party interested shall be entertained, unless the Tribunal is satisfied that there has been the discovery of new and important matter of evidence, which, after the exercise of due diligence, was not within the knowledge of the applicant or could not be produced by him at the time when its order was made, or that there has been some mistake or error apparent on the face of the record, or for any other sufficient reason :

Provided further that no such order shall be varied or revised unless notice has been given to the parties interested to appear and be heard in support of such order.

(10) An application for review under the foregoing sub-section by any party shall be made within ninety days from the date of the communication of the order to the Tribunal.

CHAPTER II.

Registration of Co-operative Societies.

[3]. x x x]

[4]. *Societies which may be registered*.—Subject to the provisions of this Act, a co-operative society which has its objects the promotions of the economic interests or general welfare of its members, or of the public, in accordance with co-operative principles, or a co-operative society established with the object of facilitating the operations of such a society, may be registered under this Act :

Provided that no co-operative society shall be registered if it is likely to be economically unsound, or the registration of which may have an adverse effect on development of the co-operative movement.]

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3. Omitted by Mysore Act 40 of 1964.
4. Substituted by Mysore Act 40 of 1964.

5. *Registration with limited or unlimited liability.*—(1) A co-operative society may be registered with or without limited liability:

Provided that the liability of a co-operative society of which any member is a co-operative society shall be limited.

(2) The word 'limited' or its equivalent in any Indian language shall be the last word in the name of a co-operative society registered under this Act with limited liability.

6. *Application for registration of co-operative societies.*—(1) An application for the registration of a co-operative society shall be made to the Registrar in such form as may be prescribed; and the applicants shall furnish to him all such information about the society as he may require.

(2) Every such application shall conform to the following requirements, namely:—

(*a*) the application shall be accompanied by three copies of the proposed bye-laws of the co-operative society;

(*b*) where all the applicants are individuals, the number of applicants shall not be less than ten;

(*c*) every one of the applicants who is an individual shall be above the age of eighteen years;

(*d*) where the objects of the co-operative society include the creation of funds to be lent to its members and where all the applicants are individuals, the applicants shall reside in the same village or town or in the same group of villages or belong to the same class or pursue the same occupation;

(*e*) the application shall be signed by every one of the applicants who is an individual and by a person duly authorised on behalf of any co-operative society which is an applicant.

7. *Registration.*—(1) If the Registrar is satisfied—

(*a*) that the application complies with the provisions of this Act and the rules;

(*b*) that the objects of the proposed society are in accordance with section 4;

(*c*) that the aims of the proposed society are not inconsistant with the principles of social justice;

(d) that the proposed bye-laws are not contrary to the provisions of this Act and the rules ; and

(e) that the proposed society complies with the requirements of sound business and has reasonable chances of success;

the Registrar may register the co-operative society and its bye-laws.

[5][(2) If the Registrar is unable to dispose of an application for registration within a period of six months from the date of receipt of the application, he shall make a report to the State Government stating therein the reasons therefor.

(3) Where the Register refuses to register a proposed co-operative society, he shall forthwith communicate his decision, with the reasons therefor, to the person making the application and if there be more than one to the person who has signed first in the application.

(4) The Registrar shall maintain a register of all co-operative societies registered or deemed to be registered under this Act.]

8. *Registration certificate.*—Where a co-operative society is registered under this Act, the Registrar shall issue a certificate of registration signed by him, which shall be conclusive evidence that the co-operative society therein mentioned is a co-operative society duly registered under this Act.

9. *Co-operative societies to be bodies corporate.*—The registration of a co-operative society shall render it a body corporate by the name under which it is registered having perpetual succession and a common seal, and with power to hold property, enter into contracts, institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it was constituted.

10. *Change of name of co-operative society.*—(1) A co-operative society may, by an amendment of its bye-laws, change its name.

(2) Where a co-operative society changes its name, the Registrar shall enter the new name on the register of co-operative societies in the place of the former name and shall amend the certificate of registration accordingly.

(3) The change of name of a co-operative society shall not affect any rights or obligations of the co-operative society, or render defective any legal proceedings by or against it ; any legal proceedings which might have been continued or commenced by or against the society by its former name may be continued or commenced by its new name.

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5. Substituted by Mysore Act 40 of 1964.

11. *Change of liability.*—(1) Subject to the provisions of this Act and the rules, a co-operative society may, by an amendment of its bye-laws, change the form or extent of its liability.

(2) When a co-operative society has passed a resolution to change the form or extent of its liability, it shall give notice thereof in writing to all its members and creditors and notwithstanding any bye law or contract to the contrary, any member or creditor shall, during a period of one month from the date of service of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

(3) Any member or creditor who does not exercise his option within the period specified in sub-section (2) shall be deemed to have assented to the change.

(4) An amendment of the bye-laws of a co-operative society changing the form or extent of its liability shall not be registered or take effect until either—

(*a*) the assent thereto of all members and creditors has been, or deemed to have been, obtained ; or

(*b*) all claims of members and creditors who exercise the option referred to in sub-section (2) within the period specified therein have been met in full.

12. *Amendment of bye-laws of a co-operative society.*—(1) No amendment of any bye-law of a co-operative society shall be valid unless such amendment has been registered under this Act.

(2) Every proposal for such amendment shall be forwarded to the Registrar and if the Registrar is satisfied that the proposed amendment—

(i) is not contrary to the provisions of this Act and the rules;

(ii) does not conflict with co-operative principles ;

(iii) satisfies the requirements of sound business ;

(iv) will promote the economic interests of the members of the society ; and

(v) is not inconsistant with the principles of social justice; he may register the amendment.

(3) The Registrar shall forward to the society copy of the registred amendment together with a certificate signed by him, and such certificate shall be conclusive evidence that the amendment has been duly registered.

(4) Where the Registrar refuses to register an amendment of the bye-laws of a co-operative society, he shall communicate the order of refusal, together with the reasons therefor, to the society.

13. *When amendments of bye-laws come into force.*—Subject to any appellate order under section 106, an amendment of the bye-laws of a co-operative society shall unless it is expressed to come into operation on a particular day, come into force on the day on which it is registered.

14. *Amalgamation, transfer of assets and liabilities and division of co-operative societies.*—(1) A co-operative society may, by a resolution passed by a two-thirds majority of the members present and voting at a general meeting of the society—

(*a*) divide itself into two or more co-operative societies ; or

(*b*) transfer its assets and liabilities in whole or in part to any other co-operative society which by a like resolution agrees to such transfer.

(2) Any two or more co-operative societies may, by a resolution passed by a two-thirds majority of the members present and voting at a general meeting of each such society amalgamate themselves and form a new co-operative society.

(3) The resolution of a co operative society under sub-section (1) or sub-section (2) shall contain all particulars of the transfer, division or amalgamation, as the case may be, and no such resolution shall have any effect unless approved by the Registrar.

(4) When a co-operative society has passed any such resolution, and it has been approved by the Registrar, the co-operative society shall give notice thereof in writing to all its creditors and such members of the society as did not vote in favour of the resolution and, notwithstanding any bye-laws or contract to the contrary, any creditor or any member to whom such notice is given shall during the period of one month from the date of service of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

(5) Any member or creditor who does not exercise his option within the period specified in sub-section (4) and every member who has voted in favour of the resolution shall be deemed to have assented to the proposals contained in the resolution.

(6) A resolution passed by a co-operative society under this section shall not take effect until either—

(*a*) the assent thereto of all the members and creditors has been, or deemed to have been, obtained under this section or ;

(*b*) all claims of members and creditors who exercise the option referred to in sub-section (4) within the period specified therein, have been met in full.

(7) Where a resolution passed by a co-operative society under this section involves the transfer of any assets and liabilities, the resolution shall, notwithstanding anything contained in any law for the time being in force, be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

15. *Cancellation of registration certificates of co-operative societies in certain cases.*—(1) Where the whole of the assets and liabilities of a co-operative society are transferred to another co-operative society in accordance with the provisions of section 14, the registration of the first mentioned co-operative society shall stand cancelled and that society shall be deemed to have been dissolved and shall ceas to exist as a corporate body.

(2) Where two or more co-operative societies are amalgamated into a new co operative society in accordance with the provisions of section 14, the registration of each of the amalgamating societies shall stand cancelled on the registration of the new society and each such society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(3) Where a co-operative society divides itself into two or more co-operative societies in accordance with the provisions of section 14, the registration of that society shall stand cancelled on the registration of the new societies, and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

CHAPTER III.

MEMBERS OF CO-OPERATIVE SOCIETIES AND THEIR RIGHTS AND LIABILITIES.

16. *Persons who may become members.*—(1) No person shall be admitted as a member of a co-operative society except the following, namely,—

(*a*) an individual competent to contract under section 11 of the Indian Contract Act, 1872 (Central Act IX of 1872).

(*b*) any other co-operative society;

(*c*) the State Government: and

(*d*) the State Warehousing Corporation established under the Agricultural Produce (Development and Warehousing Corporations) Act, 1956 (Central Act 28 of 1956), in the case of a co-operative society engaged in the storage or warehousing of agricultural produce.

[6][(2) No co operative society shall, without sufficient cause, refuse admission to membership to any person duly qualified therefor under the provisions of this Act and its bye-laws.

(3) Any person seeking admission as a member of any co-operative society shall make an application in writing for admission as a member of such society.

(4) Every co-operative society shall within three months form the date on which application for admission was delivered to such society either admit or refuse to admit any such person as a member, and shall send a written communication of such admission or refusal to the applicant before the said period. If no communication of admission as a member is received by the applicant before the expiry of the said period, his application for admission shall be deemed to have been refused by the co-operative society on the last day of the said period for purposes of section 105A].

17. *Disqualification for membership*.—(1) No person shall be eligible for admission as a member of a co-operative society, if he,—

(*a*) has applied to be adjudicated an insolvent or is an undischarged insolvent; or

(*b*) has been sentenced for any offence, other than an offence of a political character or an offence not involving moral turpitude, such sentence not having been reversed or the offence pardoned and a period five years has not elapsed from date of expiry of the sentence.

(2) If a member becomes subject to any of the disqualifications specified in sub-section (1), he shall be deemed to have ceased to be a member from the date when the disqualification was incurred.

(3) [7][Subject to the general or special orders of the Registrar published in the official Gazette, no individual being a member of a co-operative credit society, shall be eligible for admission as a member of any other such society] [8][* * *].

6. Substituted by Mysore Act 40 of 1964.
7. Substituted by Mysore Act 40 of 1964.
8. Omitted by Mysore Act 40 of 1964.

Explanation.—For purposes of this sub-section "co-operative credit society" means a co-operative society which lends or gives credit to its members whether in cash or in kind.

18. *Nominal or associate members*.—(1) Notwithstanding anything contained in section 16, a co-operative society may admit any individual as a nominal or associate member.

(2) A nominal member shall not be entitled to any share, in any form whatsoever, in the assets or profits of the society or to become an officer of the society.

(3) An associate member may hold shares but shall not be entitled to become an officer of the society.

(4) Save as provided in this section, a nominal or associate member shall have such privileges and rights of a member and be subject to such liabilities of a member, as may be specified in the bye-laws of the society.

19. *Member not to exercise rights till due payment made*.—No member of a co-operative society shall exercise the rights of a member unless he has made such payment to the society in respect of membership or has acquired such interest in the society, as may be specified in the bye-laws.

20. *Votes of members*.—Every member of a co-operative society shall have one vote in the affairs of the society:

Provided that,—

[9][(*a*) a nominal or associate member, or a member who is a defaulter, shall not have the right of vote;]

(*b*) where the State Government is a member of the co-operative society, each person nominated by the State Government on the Committee of the co-operative society shall have one vote.

[10][*Explanation*:—A member shall be deemed to be a defaulter and shall not have the right of vote at a meeting of the society if he has failed to pay any arrears of any kind due by him to the society at least one month before the date of such meeting, after a notice of not less than two months in this behalf has been issued to him.

9. Substituted by Mysore Act 40 of 1964.
10. Added by Mysore Act 40 of 1964.

Illustration.—Where a meeting of a society is on 1st day of September of any year, the notice should be issued to the member before 1st day of June and the payment of the arrears should be made by the member before 1st day of August.]

21. *Manner of exercising vote*.—(1) Every member of a co-operative society shall exercise his vote in person and no member shall be permitted to vote by proxy.

(2) Notwithstanding anything contained in sub-section (1),-

(*a*) a co-operative society which is a member of another co-operative society may, subject to any rules made under this Act, appoint one of its members to vote on its behalf in the affairs of that other society;

(*b*) where the State Warehousing Corporation is a member of co-operative society, a person nominated by the Corporation may vote on its behalf in the affairs of the society.

22. *Restrictions on holding of shares*.—In any co-operative society, no member other than the State Government, the State Warehousing Corporation or any other co-operative society, shall,—

(*a*) hold more than such portion of the total share capital of the society not exceeding one-fifth thereof as may be prescribed; or

(*b*) have or claim any interest in the shares of the society exceeding ten thousand rupees;

whichever is less:

Provided that the State Government, may by notification in the official Gazette, specify in respect of any class of co-operative societies a higher maximum than one-fifth of the share capital or a higher amount than ten thousand rupees, as the case may be.

23. *Restrictions on transfers of shares or interest*.—(1) The transfer of a share or interest of a member in the capital of a co-operative society shall be subject to such conditions and restrictions as to the maximum holdings as are specified in section 22.

(2) No transfer by a member of his share or interest in a co-operative society shall be valid unless,—

(*a*) the member has held such share or interest for not less than one year;

(*b*) the transfer is made to a member of the society; and

(*c*) the transfer is approved by the Committee of the society.

24. *Transfer of interest on death of member.*—(1) On the death of a member of a co-operative society, the society shall transfer the share or interest of the deceased member—

(*a*) to the person or persons nominated in accordance with the rules and if the nomination subsists; or

(*b*) if no person has been so nominated or the nomination does not subsist,

(i) where the share or interest of the deceased member does not exceed five hundred rupees, to such persons as may appear to the Committee to be the heirs or legal representatives of the deceased member, on the execution by such persons of an indemnity bond with such sureties as it may require;

(ii) where the share or interest of the deceased member exceeds five hundred rupees, to such person or persons as produce a succession certificate or other legal authority granted by a competent court of law:

Provided that such nominee, heir or legal representative as the case may be, is admitted as a member of the society:

Provided further that nothing in this sub-section shall prevent a minor or a person of unsound mind from acquiring by inheritance or otherwise the share or interest of a deceased member in a co-operative society.

(2) Notwithstanding anything contained in sub-section (1), any such nominee, heir or legal representative, as the case may be, may require the society to pay to him the value of the share or interest of the deceased member ascertained in accordance with the rules.

(3) A co-operative society may pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(4) All transfers and payments made by a co-operative society in accordance with the provisions of this section shall be valid and effective against any demand made upon the society by any other person.

25. *Liability of past member and estate of deceased member.*—(1) Subject to the provisions of sub-section (2), the liability of a past member or of the estate of a deceased member of a co-operative society for the debts of the society as they existed—

(*a*) in the case of a past member, on the date on which he ceased to be a member, and

(*b*) in the case of a deceased member, on the date of his death.

shall continue for a period of two years from such date.

(2) Where a co-operative society is ordered to be wound up under section 72, the liability of a past member or of the estate of a deceased member who ceased to be a member or died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts of the society as they existed on the date of his ceasing to be a member or death, as the case may be.

CHAPTER IV.

MANAGEMENT OF CO-OPERATIVE SOCIETIES.

26. *Final authority in a co-operative society.*—The final authority in a co-operative society shall vest in the general body of members:

Provided that nothing in this section shall affect any powers conferred on a committee or any officer of a co-operative society by the rules or the bye-laws.

27. *Annual General Meeting.*—(1) A general meeting of a co-operative society shall be held once in a year, within a period of three months after the date fixed for making up its accounts for the year under the rules or bye-laws for the time being in force, for the purpose of—

(*a*) approval of the programme of the activities of the society prepared by the committee for the ensuing year;

(*b*) election, if any, in the prescribed manner of the members of the committee other than nominated members;

(*c*) consideration of the annual report, the latest available audit report and the disposal of the net profits; and

(*d*) consideration of any other matter which may be brought forward in accordance with the bye-laws.

Provided that the Registrar may, by general or special order, extend the period for holding such meeting by a period not exceeding six months.

(2) If default is made in calling a general meeting in accordance with the provisions of sub-section (1), the Registrar may, by order, declare any officer or member of the committee whose duty it was to call such meeting and who without reasonable excuse failed

to call such meeting, disqualified for being elected as and for being an officer or a member of the committee for such period not exceeding three years as may be specified in such order and if the officer is a servant of the society impose on him a fine not exceeding one hundred rupees; and any such fine may be recovered in such manner as may be prescribed:

Provided that no order shall be made under this sub-section unless a reasonable opportunity to be heard is given to the person against whom the order is to be made.

28. *Special General Meeting.*—(1) The committee of a co-operative society may, at any time, call a special general meeting of the society and shall call such meeting within one month after the receipt of a requisition in writing from the Registrar or from such number of members or a proportion of the total number of members, as may be prescribed.

(2) If special general meeting of a co-operative society is not called in accordance with the requisition referred to in sub-section (1) the Registrar or any person authorised by him in this behalf shall have the power to call such meeting and that meeting shall be deemed to be a meeting called by the committee and shall have power to transact all business which can be transacted at the annual general meeting under the bye-laws of the society and such other business as is specially mentioned in the requisition made by the Registrar.

29. *Nominees of the Government on the Committee of a Co-operative Society.*—(1) Where the State Government—

(*a*) has subscribed to the share capital of a co-operative society, or

(*b*) has assisted indirectly in the formation or augmentation of the share capital of a co-operative society as provided in Chapter VI, or

(*c*) has guaranteed the repayment of principal and payment of interest on debentures issued by a co-operative society, or

(*d*) has guaranteed the repayment of principal and payment of interest on loans and advances to a co-operative society,

the State Government or any authority specified by the State Government in this behalf, [11][shall notwithstanding anything contained in this Act or the rules or the bye-laws of the co-operative society, but subject to any notification or order, for the time being in force, issued or made under section 54 or 121, have the right to nominate as its representatives not more than three persons] or one-third of the total number of members of the committee of the co-operative society, whichever is less.

[11][(2) A person nominated as a member of a committee of a co-operative society under sub-section (1) (hereinafter in this section referred to as 'nominated member') shall hold office as such member during the pleasure of the State Government.

(3) Subject to the provisions of sub-section (2), a nominated member shall hold office as such member for such period as the State Government, or the specified authority, may by order specify.

(4) Where an officer of the State Government is nominated as member of a committee under sub-section (1), such officer may be nominated by virtue of his office, and when any such nomination is made, such officer may, if unable to be present himself at any meeting of the committee, depute a subordinate officer to the meeting as his representative and such subordinate officer shall be deemed to be the person nominated as a representative of the State Government for purposes of such meeting].

30. *Supersession of Committee.*—(1) If, in the opinion of the Registrar, the committee of any co-operative society persistently makes default or is negligent in the performance of the duties imposed on it by this Act or the rules or the bye-laws, or commits any act which is prejudicial to the interests of the society or its members or is otherwise not functioning properly, the Registrar may, after giving the committee an opportunity to state its objections, if any, by order in writing, remove the committee, and

(*a*) appoint a new committee consisting of one or more members of the society in its place, or

(*b*) appoint one or more Administrators who need not be members of the society,

to manage the affairs of the society for such period or periods not exceeding two years as may be specified by order of the Registrar; and after the period of two years, the Registrar may in accordance

11. Substituted by Mysore Act 40 of 1964.

with the provisions of sub-section (2) by order extend such period from time to time, so that the aggregate period does not exceed four years.

(2) (*a*) If it appears to the Registrar that it is necessary or desirable in the interests of the co-operative society to continue the management of the affairs of such society by the Committee or Administrators appointed under sub-section (1), for more than two years, he shall before the expiry of the period of two years, place before a meeting of the general body of the society held in the prescribed manner, his proposal for such continuance along with the reasons therefor, and after ascertaining the views of the general body. the Registrar may if he considers it necessary or desirable, extend the period of two years by such period or periods not exceeding one year in the aggregate.

(b) If before the expiry of the period of three years, referred to in clause (*a*), the general body of the co-operative society approves by a resolution passed by a majority of the members present and voting at a meeting of that body, the continuance beyond three years of the management of the affairs of such society by the Committee of Administrators appointed under sub-section (1), the Registrar may extend the period of three years by a further period of one year.

(3) The Committee or Administrators so appointed shall subject to the control of the Registrar and to such instructions as he may from time to time give, have power to exercise all or any of the functions of the committee or of any officer of the society and take all such action as may be required in the interests of the society.

(4) The Committee or Administrators shall, at the expiry of its or their term of office, arrange for the constitution of a new committee in accordance with the bye-laws of the society.

(5) Before taking any action under sub-section (1) in respect of a co-operative society, the Registrar shall consult any financing institution to which it is indebted.

31. *Securing possession of records, etc.*—(1) If the committee of a co- operative society is reconstituted at a general meeting of the society or the committee of a co-operative society is removed by the Registrar under section 30 or if the society is ordered to be wound up under section 72, the outgoing members of the committee shall hand over charge of the records and property of the society to the new Committee or the Administrators or the Liquidator, as the case may be.

(2) If the outgoing members of the committee do not hand over, or in any manner obstruct the taking charge of the records and property of the society by the new Committee or the Administrators or the Liquidator, then, without prejudice to any other action, the new Committee or the Administrators or the Liquidator may apply to the Magistrate, within whose jurisdiction the society functions, for securing the records and property of the society. On receipt of the applicatoin, the Magistrate may, by a warrant authorise any police officer, not below the rank of Sub-Inspector, to enter and search any place where the records and property are kept or are believed to be kept and to seize such records and property; and the records and property so seized shall be handed over to the new Committee or Administrators of the society or the Liquidator, as the case may be.

CHAPTER V.

Privileges of Co-operative Societies.

32. *First charge of co-operative society on certain assets.*— (1) Notwithstanding anything contained in any law for the time being in force, but subject to any prior claim of the Government in respect of land revenue or any money recoverable as land revenue, any debt or outstanding demand owing to a co-operative society by any member or past member or deceased member shall be a first charge upon the crops and other agricultural produce, cattle, fodder for cattle, agricultural or industrial implements or machinery, raw materials for manufacture and any finished products manufactured from such raw materials, belonging to such member, past member or forming part of the estate of the deceased member, as the case may be.

(2) No person shall transfer any property which is subject to a charge under sub-section (1) except with previous permission in writing of the co-operative society which holds the charge.

(3) Notwithstanding anything contained in any law for the time being in force, any transfer of property made in contravention of the provisions of sub-section (2) shall be void.

(4) The charge created under sub-section (1) shall be available as against any claim of the Government arising from a loan granted under the [1][Land Improvement Loans Act, 1883 (Central Act XIX of 1883), or the [2][Agriculturists' Loans Act, 1884 (Central Act XII of 1884), after the grant of the loan by the society.

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1. Now see the Mysore Land Improvement Loans Act, 1963 (16 of 1963).
2. Now see the Mysore Agriculturists Loans Act, 1963 (17 of 1963).

33. *Charge on land owned by members or held as tenants by members borrowing loans from certain co-operative societies.*—(1) Notwithstanding anything contained in this Act or in any other law for the time being in force,—

(i) any person who makes an application to a co-operative society of which he is a member for a loan shall, if he owns any land, or holds any land as a tenant make a declaration in the prescribed form. Such declaration shall state that the applicant thereby creates a charge on the land owned by him or on his interest in the land held by him as tenant and specified therein for the payment of the amount of the loan which the society may make to the member in pursuance of the application and for all future advances, if any, required by him which the society may make to the member as such member subject to such maximum as may be determined by the society together with interest on such amount of the loan and advances;

(ii) a declaration made under clause (i) may be varied at any time by a member with the consent of the co-operative society in favour of which such charge is created;

(iii) no member shall alienate the whole or any part of the land or any interest of his in the land specified in the declaration made under clause (i) or varied under clause (ii) until the whole amount borrowed by the member together with interst thereon is paid in full:

Provided that standing crops on any such land may be alienated with the previous permission in writing of the society;

(iv) any alienation made in contravention of the provisions of clause (iii) shall be void;

(v) subject to the prior claims of the Government in respect of land revenue or any money recoverable as land revenue and the prior claims of any person in whose favour alienation of the land or interest in such land has been effected and duly registered, before the date of the grant of the loan by the society, there shall be a first charge in favour of the society on the land or interest in the land specified in the declaration made under clause (i) or varied under clause (ii) for and to the extent of the dues owing by him on account of the loan.

(2) Notwithstanding anything contained in the [1][Mysore Land Record of Rights Act, 1958 (Mysore Act 17 of 1958),

(i) the record of rights maintained under the said Act shall also include the particulars of every charge on land or interest in land created under sub-section (1);

(ii) the co-operative society in whose favour a charge is created under sub-section (1) shall communicate the particulars of the charge, and when the loan is discharged, the cessation of the charge, to the Deputy Commissioner or the prescribed officer and he shall cause necessary entries to be made in the record of rights;

(iii) the State Government may ,by notification in the official Gazette, make rules to carry out the purposes of clauses (i) and (ii).

Explanation.—For the purpose of this section,—

(1) 'land' shall mean land to which the [1][Mysore Land Record of Rights Act, 1958, is applicable; and

(2) 'co-operative society' shall mean a co-operatvie society of which majority of the members are agriculturists and which is—

(*a*) a credit society the primary object of which is to obtain credit for its members; or

(*b*) any other class of society specified in this behalf by the State Government by general or special order.

34. *Deduction from salary to meet society's claim in certain cases*.—(1) Notwithstanding anything in any law for the time being in force, a member of a co operative society may execute an agreement in favour of the society providing that his employer shall be competent to deduct from the salary or wages payable to him by the employer, such amount as may be specified in the agreement, and to pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society.

(2) On the execution of such an agreement the employer shall, if so required by the co-operative society by requisition in writing and so long as such debt or demand or any part of it remains unpaid, make the deduction in accordance with the agreement and pay the amount so deducted to the society within fourteen days from the date of the deduction.

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1. Now see the Mysore Land Revenue Act, 1964 (12 of 1964).

(3) Nothing contained in this section shall apply to persons employed in railways as defined in Article 366 of the Constitution, mines and oil fields.

35. *Charge and set off in respect of shares or interest of members in the capital of a co-operative society.*—A co-operative society shall have a charge upon the share or interest in the capital and on the deposits of a member or a past member and on any dividend, bonus or profits payable to a member or a past member in respect of any debt or outstanding demand owing to the co-operative society and may set off any sum credited or payable to a member towards payment of any such debt or outstanding demand:

Provided that no financing bank to which a co-operative society is affiliated shall have a charge upon any sum invested in the financing bank as reserve fund by the society if the bank is not the sole creditor of the society, or be entitled to set off any such sum credited or payable to the society towards any debt due from such society.

36. *Shares or interest not liable to attachment.*—Subject to the provisions of section 35, the share or interest of a member in the capital of a co-operative society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member or past member, and an official assignee or a receiver under any law relating to insolvency shall not be entitled to, or have any claim on, such share or interest.

37. *Exemption from certain taxes, duties and fees.*—The State Government, if in its opinion it is necessary in public interest so to do, may, by notification in the official Gazette, and subject to such restrictions and conditions as may be specified in such notification, reduce or exempt in respect of any class of co-operative societies—

(a) the tax payable under the Mysore Agricultural Income-tax Act, 1957 (Mysore Act 22 of 1957) for the time being in force;

(*b*) the tax payable under the Mysore Sales Tax Act, 1957 (Mysore Act 25 of 1957) for the time being in force;

(*c*) the duties with which any instrument executed by or on behalf of a co-operative society or by an officer or member thereof and relating to the business of such society, or any class of such instruments or in respect of any award or order made under this Act, are chargeable under the Mysore Stamp Act, 1957 (Mysore Act 34 of 1957) for the time being in force;

(*d*) the fees payable in respect of any document under the Mysore Court-Fees and Suits Valuation Act, 1958 (Mysore Act 16 of 1958) for the time being in force;

(*e*) any fee payable under the Indian Registration Act, 1908 (Central Act XVI of 1908) for the time being in force.

38. *Exemption from compulsory registration of instruments.*— Nothing in clauses (*b*) and (*c*) of sub-section (1) of section 17 of the Indian Registration Act, 1908 (Central Act XVI of 1908), shall apply to—

(*a*) any instrument relating to shares in a co-operative society notwithstanding that the assets of the society consist in whole or in part of immovable property;

(*b*) any debentures issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or

(*c*) any endorsement upon or trasfer of any other other debenture issued by any such society.

39. *Registration of documents executed on behalf of co-operative societies.*—(1) Notwithstanding anything contained in the Indian Registration Act, 1908 (Central Act XVI of 1908), it shall not be necessary for any member of a committee, secretary or other officer of a co-operative society or any officer of the Department of Co-operation to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity on behalf of a co-operative society or to sign as provided in section 58 of that Act.

(2) Where any instrument is so executed the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to such member, secretary or officer for information respecting the same, and on being satisfied of the execution thereof, shall register the instrument.

CHAPTER VI.

State Aid to Co-operative Societies.

40. *Promotion of co-operative movement.*—It shall be the duty of the State Government to encourage and promote the co-operative movement including encouragement of co-operative farming in the State and to take such steps in this direction as may be necessary.

41. *Direct partenership of State Government in co-operative societies.*—(1) The State Government may subscribe directly to the share capital of a co-operative society with limited liability.

(2) Notwithstanding any agreement to the contrary, the State Government shall not be entitled to a dividend on the shares of any such co-operative society at a rate higher than that at which such dividend is payable to any other shareholder of the society.

42. *Indirect partnership of State Government in co-operative societies.*—The State Government may subject to appropriation by law, provide moneys to a co-operative society (hereinafter in this Chapter referred to as apex society) for the purchase of shares in other co-operative societies with limited liability.

43. *Principal State Partnership Fund.*—(1) An apex society which is provided with moneys by the State Government under section 42 shall, with such moneys-establish a Fund to be called the 'Principal State Partnership Fund'.

(2) An apex society shall utilise the 'Principal State Partnership Fund' for the purpose of—

(*a*) directly purchasing shares in other co-operative societies with limited liability;

(*b*) providing moneys to a co-operative society (hereinafter in this Chapter referred to as central society) to enable that society to purchase shares in other co-operative societies with limited liability (hereinafter in this Chapter referred to as primary societies);

(*c*) making payments to the State Government in accordance with the provisions of this Chapter;

and for no other purpose.

44. *Subsidiary State Partnership Fund.*—(1) A central society which is provided with moneys by an apex society from the 'Principal State Partnership Fund' shall, with such moneys, establish a Fund to be called the 'Subsidiary State Partnership Fund'.

(2) A central society shall utilise the 'Subsidiary State Partnership Fund' for the purpose of—

(*a*) purchasing shares in primary societies;

(*b*) making payments to the apex society in accordance with the provisions of this Chapter;

and for no other purpose.

45. *Approval of State Government for purchase of shares.*—No shares shall be purchased in a co-operative society from the moneys in the Principal State Partnership Fund' or the 'Subsidiary State Partnership Fund', except with the previous approval in writing of the State Government.

46. *Liability to be limited in respect of certain shares.*—Where any shares are purchased in a co-operative society by—

(*a*) the State Government ;or

(*b*) an apex society or a central society from the 'Principal State Partnership Fund' or the 'Subsidiary State Partnership Fund' as the case may be,

the liability in respect of such shares shall, in the event of the co-operative society being wound up, be limited to the amount paid in respect of such shares.

47. *Restriction on amount of dividend.*—An apex society which has purchased shares in other co-operative societies from the moneys in the 'Principal State Partnership Fund' and a central society which has purchased shares in the primary societies from the moneys in the 'Subsidiary State Partnership Fund' shall be entitled only to such dividend on the said shares as is declared by the society concerned and is payable to other shareholders of that society.

48. *Indemnity of apex and central societies.*—(1) If a co-operative society in which shares are purchased from the 'Principal State Partnership Fund', is wound up or dissolved, the State Government shall not have any claim against the apex society which purchased the shares, in respect of any loss arising from such purchase ; but the State Government shall be entitled to any moneys received by the apex society in liquidation proceedings or on dissolution, as the case may be.

(2) If a co-operative society in which shares are purchased from the 'Subsidiary State Partnership Fund' is wound up or is dissolved, neither the State Government nor the apex society shall have any claim against the central society which purchased the shares in respect of any loss arising from such purchase ; but the apex society shall be entitled to any moneys received by the central society in liquidation proceedings or on dissolution as the case may be, and such moneys shall be credited to the 'Principal State Partnership Fund'.

49. *Disposal of share capital and dividend, etc.*—(1) All moneys received by an apex society in respect of shares of other co-operative

societies purchased from the moneys in the, ' Principal State Partnership Fund ' on redemption of such shares or by way of dividends or otherwise, shall in the first instance be credited to that Fund.

(2) All moneys received by a central society in respect of shares of primary societies purchased from the moneys in the ' Subsidiary State Partnership Fund ' on redemption of such shares or by way of dividend or otherwise, shall in the first instance be credited to that Fund and then transferred to the apex society which shall credit them to the ' Principal State Partnership Fund '.

(3) All moneys and dividends referred to in sub-section (1) and sub-section (2) shall, notwithstanding that the share stands in the name of the apex society or the central society, as the case may be, paid to the State Government.

(4) Save as provided in sub-section (3), the State Government shall not be entitled to any other return on the moneys provided by it to an apex society under section 42.

50. *Disposal of ' Principal State Partnership Fund ' and ' Subsidiary State Partnership Fund' on winding up of an apex or a central society.*—(1) If an apex society which has established a ' Principal State Partnership Fund ' is wound up or is dissolved, all moneys to the credit of, or payable to, that Fund shall be paid to the State Government.

(2)If a central society which has established a ' Subsidiary State Partnership Fund ' is wound up or is dissolved all moneys, to the credit of, or payable to, that Fund shall be paid and credited to the 'Principal State Partnership Fund ' from which it received moneys under clause (*b*) of sub-section (2) of section 43.

51. *Principal State Partnership Fund and Subsidiary State Partnership Fund not to form part of assets.*—Any amount to the credit of a ' Principal State Partnership Fund ' or a ' Subsidiary State Partnership Fund ' shall not form part of the assests of the apex society or the central society as the case may be.

52. *Agreement by State Government and Apex Societies.*— Subject to the foregoing provisions of this Chapter—

(*a*) the State Government may enter into an agreement with an apex society setting out the terms and conditions on which it shall provide moneys to the apex society for the purpose specified in section 44 ;

(*b*) an apex society may with the previous approval of the State Government, enter into an agreement with a central society,

setting out the terms and conditions on which it shall provide moneys to that society from the 'Principal State Partnership Fund' for the purpose specified in clause (*b*) of sub-section (2) of section 43.

53. *Other forms of State aid to Co-operative Societies.*—Notwithstanding anything contained in any law for the time being in force, the State Government may—

(*a*) give loans or make advances to co-operative societies;

(*b*) guarantee the repayment of principal and payment of interest on debentures issued by a co-operative society;

(*c*) guarantee the repayment of share capital of a co-operative society and dividends thereon at such rates as may be specified by the State Government;

(*d*) guarantee the repayment of principal and payment of interest on loans and advances to a co-operative society; and

(*e*) give financial assistance in any other form, including subsidies, to any co-operative society.

54. *Control of Society assisted.*—Where State aid amounting to not less than two lakhs of rupees is given to any co-operative society, the State Government, if it is satisfied that is necessary in public interest so to do, may by notification in the official Gazette take power to exercise such control over the conduct of business of such society as shall suffice in the opinion of the State Government to safeguard the interests of the State.

55. *Provisions of this Chapter to override other laws.*—The provisions of sections 42 to 54 of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in this Act or any other law for the time being in force.

CHAPTER VII.

Properties and Funds of Co-operative Societies.

56. *Funds not to be divided.*—No part of the funds other than the net profits of a co-operative society shall be paid by way of bonus or dividend or otherwise distributed among its members:

Provided that a member may be paid such remuneration, allowances or honoraria on such scale as may be laid down by the bye-laws for any services rendered by him to the co-operative society.

57. *Not profits and their disposal.*—(1) The net profits of co-operative societies shall be determined in accordance with such rules as may be prescribed and different rules may be made for different classes of co-operative societies.

(2) A co-operative society shall, out of its net profits in any year transfer an amount not being less than twenty-five per cent of the profits to the reserve fund.

[12][(2A) No co-operative society shall pay a dividend to its members on their paid up share capital at a rate exceeding the prescribed limit.]

(3) The balance of the net profits may [12][subject to the provisions of sub-section (4)], be utilised for all or any of the following purposes, namely—

[13][(a) and (b)]

(*c*) payment of bonus to members on the amount or volume of business done by them with the society to the extent and in the manner specified in the bye-laws:

Provided that no bonus shall be payable to members in a credit society;

(*d*) constitution of, or contributions to, such special funds as may be specified in the bye-laws;

(*e*) donations of amounts not exceeding ten per cent of the net profits for any charitable purpose as defined in in section 2 of Charitable Endowments Act, 1890 (Central Act VI of 1890) ; and

(*f*) payment of bonus to employees of the society, to the extent and in the manner specified in the bye-laws;

Provided that the bonus payable in any year to any employee shall not exceed two months' pay.

[12][(4) (*a*) Every co-operative society (other than a co-operative society whose net profits do not exceed five hundred rupees) which declares the payment of a dividend to its members on their paid up share capital at a rate of two per cent or more shall contribute towards the Co-operative Education Fund of such State Federal Society which may be notified in this behalf by the State Government at such rate not exceeding one and a half per cent of the net profits as may be prescribed.

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12. Inserted by Mysore Act 40 of 1964.

13. Omitted by Mysore Act 40 of 1964.

(*b*) No co-operative society which is liable to contribute towards the Co-operative Education Fund shall pay a dividend to its members unless the said contribution is made to the State Federal Society notified as aforesaid.]

58. *Investment of funds.*—A co-operative society may invest or deposit its funds,—

(*a*) in a Government Savings Bank; or

(*b*) in any of the securities specified in section 20 of the Indian Trusts Act, 1882 (Central Act II of 1882); or

(c) in the shares or securities of any other co-operative society; or

(*d*) with any co-operative bank or scheduled bank approved by the Registrar.

59. *Restrictions on borrowings.*—A co-operative society shall receive deposits and loans only to such extent and under such conditions as may be prescribed or as may be specified in the bye-laws.

60. *Restrictions on loans.*—(1) A co-operative society shall not make a loan to any person other than a member:

Provided that with the general or special sanction of the Registrar, a co-operative society may make loans to another co-operative society.

(2) Notwithstanding anything contained in sub-section (1), a co-operative society may make a loan to a depositor on the security of his deposit.

61. *Restrictions on other transactions with non-members.*—Save as is provided in sections 59 and 60, the transactions of a co-operative society with persons other than members shall be subject to such restrictions, if any, as may be prescribed.

62. *Provident Fund.*—(1) A co-operative society may establish a contributory Provident Fund for the benefit of its employees to which shall be credited all contributions made by the employees and society in accordance with the bye-laws of the society.

(2) A contributory Provident Fund established by a co-operative society under sub-section (1)—

(*a*) shall not be used in the business of the society;

(*b*) shall not form part of the assets of the society; and

(*c*) shall not be liable to attachment or be subject to any other process of any court or other authority.

CHAPTER VIII.

AUDIT, INQUIRY, INSPECTION AND SURCHARGE.

63. *Audit.*—(1) The Registrar shall audit or cause to be audited by a person authorised by him by general or special order in writing in this behalf, the accounts of every co-operative society at least once in each year.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, the verification of the cash balance and securities, a valuation of the assets and liabilities, and an examination of the working and the other prescribed particulars of the society.

(3) The Registrar or the authorised person shall at all times have access to all the books, accounts, documents, papers, securities, cash and other properties belonging to, or in the custody of, the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, paper, securities, cash or other properties, to produce the same at any public office at the headquarters of the society or any branch thereof.

(4) Every person who is, or has at any time been, an officer or employee of the society and every member and past member of the society shall furnish such information in regard to the transaction and working of the society as the Registrar or the person authorised by him may require.

(5) If the result of the audit discloses any defects in the working of a co-operative society, the Registrar may bring such defects to the notice of the society and if the society is affiliated to another co-operative society, also to the notice of that other society.

64. *Inquiry by Registrar.*—(1) The Registrar may, of his own motion, by himself or by a person authorised by him, by order in writing, hold and inquire into the constitution, working and financial condition of a co-operative society.

(2) An inquiry of the nature referred to in sub-section (1) shall be held on the application of—

(*a*) a co-operative society to which the society concerned is affiliated;

(*b*) a majority of the members of the committee of the society; or

(*c*) not less than one-third of the total number of members of the society.

(3) The Registrar, or the persons authorised by him under sub-section (1) shall, for the purposes of an inquiry under this section have the following powers, namely,—

(*a*) he shall, at all times, have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any public office at the headquarters of the society or any branch thereof;

(*b*) he may summon any person who, he has reason to believe has knowledge of any of the affairs of society, to appear before him at public office at the headquarters of the society or any branch thereof and may examine such person on oath; and

(*c*) (i) he may, notwithstanding any rule or bye-law specifying the period of notice for a general meeting of the society, required the office of the society to call a general meeting at such time and place at the headquarters of the society or any branch thereof and to determine such matters as may be directed by him, and where the officers of the society refuse or fail to call such a meeting officers of the society refuse or fail to call such a meeting he shall have power to call it himself;

(ii) any meeting called under clause (i) shall have the powers of the general meeting called under the bye-laws of the society and its proceeding shall be regulated by such bye-laws except that no quorum shall be necessary for such meeting.

(4) When an inquiry is made under this section, the Registrar shall communicate the result of the inquiry to the society and to the co-operative society, if any, to which that society is affiliated.

65. *Inspection of books of a co-operative society.*—(1) The Registrar may of his own motion, or on the application of a creditor of a co-operative society, inspect or direct any person authorised by him by order in writing in this behalf, to inspect the books of the society.

Provided that no such inspection shall be made on the application of a creditor unless the applicant,—

(*a*) satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(*b*) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(2) The Registrar shall communicate the results of any such inspection—

(*a*) where the inspection is made of his own motion to the society; and

(*b*) where the inspection is made on the application of a creditor, to the creditor and the society.

66. *Power to seize books and property.*—If any officer or person conducting audit under section 63, inquiry under section 64 or inspection under section 65, has reasons to believe that any books or other property of the society have been tampered with or are likely to be tampered with, if left with the society with a view to eliminate or efface or change or manipulate any evidence which may be deemed necessary by such officer or person in connection with the proof of any defect or irregularities noticed by him during the course of audit, inquiry or inspection, he shall have power to seize and impound such books or property in such manner and for such period as may be prescribed.

67. *Costs of Inquiry.*—Where an inquiry is held under section 64 or an inspection is made under section 65 on the application of a creditor, the Registrar may apportion the costs, or such part of the costs, as he may deem fit, between the co-operative society to which the society concerned is affiliated, the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers of the society:

Provided that—

(*a*) no order of apportionment of the costs shall be made under this section unless the society or the person sought to be made liable to pay the costs thereunder has had a reasonable opportunity of being heard;

(*b*) the Registrar shall state in writing the grounds on which the costs are apportioned.

68. *Order by the Registrar.*—The Registrar may make an order directing the co-operative society or its officers to take such action as may be specified in the order within the time mentioned therein to remedy the defects disclosed in the audit under section 63 or the inquiry under section 64 or inspection under section 65.

Explanation.—For purposes of this section "defects" mean contraventions of any provision of this Act or any rule or bye-law or any other law or legal provision for the time being in force.

69. *Surcharge.*—(1) If, in the course of an audit, inquiry, inspection or the winding up of a co-operative society, it is found that any person, who is or was entrusted with the organisation or management of such society or who is or has at any time been an officer or an employee of the society, has made any payment contrary to this Act, the rules or the bye-laws or has caused any deficiency in the assets of the society by breach of trust or wilful negligence or has misappropriated or fraudulently retained any money or other property belonging to such soicety, the Registrar may, of his own motion or on the application of the Committee, Liquidator or any creditor, inquire himself or direct any person authorized by him, by an order in writing in this behalf, to inquire into the conduct of such person.

(2) Where an inquiry is made under sub-section (1), the Registrar may, after giving the persons concerned an opportunity of being heard, make an order requiring him to repay or restore the money or property or any part therof, with interest at such rate, or to pay contribution and costs or compensation to such extent, as the Registrar may consider just and equitable.

CHAPTER IX.

Settlement of Disputes.

70. *Disputes which may be referred to Registrar for decision.*—(1) Notwithstanding anything contained in any law for the time being in force, if any dispute touching the constitution, management or the business of a co-operative society arises—

(*a*) among members, past members and persons claiming through members, past members and deceased members, or

(*b*) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or employee of the society, or

(*c*) between the society or its committee and any past committee, any officer, agent or employee, or any past officer, past agent or past employee or the nominee, heirs, or legal representatives of any deceased officer, deceased employee of the society, or

(*d*) between the society and any other co-operative society, such dispute shall be referred to the Registrar for decision and no court shal have jurisdiction to entertain any suit or other proceeding in respect of such dispute.

(2) For the purposes of sub-section (1), the following shall be deemed to be disputes touching the constitution, management or the business of a co-operative society, namely—

(*a*) a claim by the society for any debt or demand due to it from a member or the nominee, heirs or legal representatives of a deceased member, whether such debt or demand be admitted or not;

(*b*) a claim by a surety against the principal debtor where the society has recovered from the surety any amount in respect of any debt or demand due to it from the principal debtor, as a result of the default of the principal debtor whether such debt or demand is admitted or not;

(*c*) any dispute arising in connection with the election of a President, Vice-President, Chairman, Vice-Chairman, Secretary, Treasurer or Member of a Committee of the society.

(3) If any question arises whether a dispute referred to the Registrar under this section is a dispute touching the constitution, management or the business of a co-operative society, the decision thereon of the Registrar shall be final and shall not be called in question in any court.

71. *Disposal of Disputes*.—(1) The Registrar may, on receipt of the reference of a dispute under section 70,—

(*a*) decide the dispute himself, or

(*b*) transfer it for disposal to any person who has been invested by the State Government with powers in that behalf, or

(*c*) refer it for disposal to one arbitrator appointed by the Registrar.

(2) The Registrar may withdraw any reference transferred under clause (*b*) of sub-section (1) or referred under clause (*c*) of that sub-section and decide it himself.

(3) The Registrar or any other person to whom a dispute is referred for decision under this section may, pending the decision of the dispute, make such interlocutory orders as he may deem necessary in the interests of justice.

[14][(3A) When a dispute is referred to an arbitrator under clause (*c*) of sub-section (1), the award shall, subject to such rules as may be prescribed, include the fee payable to the arbitrator and the fees and expenses payable to the Registrar. Such an award shall not be invalid merely on the ground that it was made after the expiry of the period fixed for deciding the dispute by the Registrar, and shall, subject to appeal or revision, be binding on the parties to the dispute].

(4) Notwithstanding anything contained in section 70, when any dispute under clause (*a*) or (*b*) of sub-section (1) of the said section is referred for decision to the Registrar, and the Registrar is satisfied on an application by the society concerned that in the interest of the society it is necessary for an effective decision of the dispute to implead persons who cannot be made parties to the dispute in proceedings before him, he may permit the society to institute a regular suit in a Civil Court having jurisdiction and the Civil Court shall be competent to entertain such suit.

CHAPTER X.

Winding up and Dissolution of Co-operative Societies.

72. *Winding up of co-operative societies.*—(1) If the Registrar after an inquiry has been held under section 64 or an inspection has been made under section 65 or on receipt of an application made by not less than three-fourths of the members of a co-operative society, is of opinion that the society ought to be wound up, he may issue an order directing it to be wound up.

(2) The Registrar may of his own motion, make an order directing the winding up of a co-operative society—

(*a*) where it is a condition of the registrartion of the society that the society shall consist of at least ten members and the number of members has been reduced to less than ten; or

14. Inserted by Mysore Act 40 of 1964.

(*b*) where the co-operative society has not commenced working or has ceased to work.

(3) The Registrar may cancel an order for the winding up of a co-operative society, at any time, in any case where, in his opinion, the society should continue to exist.

73. *Liquidator*.—(1) Where the Registrar has made an order under section 72 for the winding up of a co-operative society, he may appoint a Liquidator for the purpose and fix his remuneration.

(2) A Liquidator shall, on appointment, take into his custody or under his control all the property, effects and actionable claims to which the society is or appears to be entitled and shall take such steps as he may deem necessary or expedient, to prevent loss or deterioration of, or damage to such property, effects and claims.

(3) Where an appeal is preferred under section 106, an order of winding up of a co-operative society made under section 72 shall not operate thereafter until the order is confirmed in appeal:

Provided that the Liquidator shall continue to have custody or control of the property, effects and actionable claims mentioned in sub-section (2) and have authority to take the steps referred to in that sub-section.

(4) Where an order of winding up of a co-operative society is set aside in appeal, the property, effects and actionable claims of the society shall revest in the society.

74. *Powers of Liquidator*.—(1) Subject to any rule made in this behalf, the whole of the assets of a co-operative society in respect of which an order for winding up has been made, shall vest in the Liquidator appointed under section 73 from the date on which the order takes effect and the Liquidator shall have power to realise such assets by sale or otherwise.

(2) Such Liquidator shall also have power, subject to the control of the Registrar—

(*a*) to institute and defend suits and other legal proceedings on behalf of the co-operative society by the name of his office;

(*b*) to determine from time to time the contribution to be made or remaining to be made by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers, to the assets of the society;

(*c*) to investigate all claims against the co-operative society and, subject to the provisions of this Act, to decide questions of priority arising between claimants;

(*d*) to pay claims against the co-operative society including interest up to the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society may permit; the surplus, if any, reamining after payment of the claims being applied in payment of interest from the date of such order of winding up at a rate fixed by him but not exceeding the contract rate in any case;

(*e*) to determine by what persons and in what proportions the costs of the liquidation are to be borne;

(f) to determine whether any person is a member, past member or nominee of a deceased member;

(*g*) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;

(*h*) to carry on the business of the society so far as may be necessary for the beneficial winding up of the same;

(*i*) to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim present or future, whereby the society may be rendered liable; and

(*j*) to compromise all calls or liabilities to call and debts and liabilities capable of resulting in debts and all claims present or future, certain or contingent, subsisting or supposed to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the co-operative society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof.

(3) When the affairs of a co-operative society have been wound up, the Liquidator shall make a report to the Registrar and deposit the records of the society in such place as the Registrar may direct.

75. *Cancellation of registration of a co-operative society.*— Where in respect of a co-operative society which has been ordered to

be wound up under section 72, no Liquidator has been appointed under section 73 after two months from the date of such order or if an appeal has been filed, from the date of confirmation of the order in appeal, or where the affairs of a co-operative society in respect of which a Liquidator has been appointed under section 73, have been wound up, the Registrar shall make an order cancelling the registration of the society and the society shall deemed to be dissolved and shall cease to exist as a corporate body from the date of such order of cancellation.

CHAPTER XI.

LAND [15][DEVELOPMENT] BANKS.

76. *Definitions.*—In this Chapter—

(*a*) 'Board' means the Board of Directors of the State Land '[15][Development]' Bank;

(*b*) 'Land [[15]Development] Bank' means a Co-operative Land [15][Development] Bank registered or deemed to be registered under this Act and admitted as a member of the State Land [15][Development] Bank;

(*c*) 'State Land [15][Development] Bank' means the Mysore Central Co-operative Land [15][Development] Bank, Limited;

(*d*) 'Trustee' means the Trustee referred to in section 77.

[16][76A. *Application of Chapter to Land Development Banks.*— This Chapter shall apply to co-operative banks advancing loans, other than short term loans, for the purposes herein enumerated (hereinafter referred to as "Land Development Banks"), that is to say—

(*i*) land improvement and productive purposes;

(*ii*) the erection, rebuilding or repairing of houses for agricultural purposes;

(*iii*) the purchase or acquisition of title to agricultural lands by agriculturists or by tenant purchasers or tenants under [16A][the Bombay Tenancy and Agricultural Lands Act, 1948 or any corresponding law for the time being in force in any part of the State;

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15. Substituted by Mysore Act 40 of 1964.
16. Inserted by Mysore Act 40 of 1964.
16A. Now see the Mysore Land Reforms Act, 1961 (10 of 1962).

(*iv*) the liquidation of debts under the Bombay Agricultural Debtors Relief Act, 1947, or any corresponding law for the time being in force in any part of the State ; or

(*v*) the liquidation of debts due to the Government or to a co-operative society or to any person which have been secured by the mortgage of the land.

Explanation 1.—For the purposes of this section short term loan means a loan for a duration of less than eighteen months.

Explanation 2.—Land improvement and productive purposes mean any work, construction or activity which adds to the productivity of the land and, in particular, includes the following, that is to say—

(*a*) construction and repair of wells (including tube wells), tanks and other works for the storage, supply or distribution of water for the purpose of agriculture, or for the use of men and cattle employed in agriculture ;

(*b*) renewal or reconstruction of any of the foregoing works, or alterations therein, or additions thereto ;

(*c*) preparation of land for irrigation ;

(*d*) drainage, reclamation from rivers or other waters, or protection from floods or from erosion or other damage by water, of land used for agricultural purposes, or waste land which is culturable ;

(*e*) bunding and similar improvements ;

(*f*) reclamation, clearance and enclosure or permanent improvement of land for agricultural purposes :

(*g*) horticulture ;

(*h*) purchase of oil-engines, pump sets and electrical motors for any of the purposes mentioned herein ;

(*i*) purchas of tractors or other agricultural machinery ;

(*j*) increase of the productive capacity of land by addition to to it of special variety of soil ;

(*k*) construction of permanent farm-houses, cattle sheds for processing of agricultural produce at any stage ;

(*l*) purchase of machinery for crushing sugarcane, manufacturing gur or Khandsari or sugar ;

(*m*) purchase of land for consolidation of holdings under the Bombay Prevention of Fragmentation and Consolidation of Holdings Act. 1947 or any corresponding law for the time being in force in any part of the State ;

(*n*) such other purposes as the State Government may, from time to time, by notification in the official Gazette, declare to be improvement or productive purpose for the purposes of this Chapter.

[16][76B. *State and other Land Development Banks.*—(1) There shall be a State Land Development Bank for the State of Mysore, and as many Primary Land Development Banks as may be deemed necessary.

(2) A reference to Land Mortgage Bank in any law, or instrument, for the time being in force in the State, shall, with effect from the commencement of the Mysore Co-operative Societies (Amendment) Act, 1964 be construed as a reference to a Land Development Bank within the meaning of this Chapter.

(3) With effect from the commencement of the Mysore Co-operative Societies (Amendment) Act, 1964 and until such time as the names of the Land Mortgage Banks and societies functioning in the State at the commencement of the said Act are changed into Land Development Banks all acts done by them or mortages and other documents executed by them, or in their favour, and all suits and other proceedings filed by or against them shall be deemed to have been done, executed or filed, as the case may be, by or against them as Land Development Banks.][16]

77. *Appointment of Trustee and his powers and functions.*—(1) The Registrar, or where the State Government appoints any other person in this behalf, such person, shall be the Trustee for the purpose of securing the fulfilment of the obligations of the State Land [17][Development] Bank to the holders of debentures issued by the Board.

(2) The powers and functions of the Trustee shall be governed by the provisions of this Act and by the instrument of trust executed between the Bank and the Trustee as modified from time to time by mutual agreement between the Board and the Trustee.

78. *Trustee to be a corporation sole.*—The Trustee appointed under section 77 shall be a corporation sole by the name of the Trustee for the debentures and as such shall have perpetual succession and a common seal and in his corporate name shall sue and be sued.

[18][79. *Issue of debentures.*—(1) With the previous sanction of the State Government and the Trustee, and subject to such terms

16. Inserted by Mysore Act 40 of 1964.
17. Substituted by Mysore Act 40 of 1964.
18. Substituted by Mysore Act 40 of 1964.

and conditions as the State Government may impose, the State Land Development Bank in the discharge of its function as a Land Development Bank may issue debentures of such denominations, for such period, and at such rates of interest, as it may deem expedient on the security of mortgage, or mortgages, to be acquired or partly on mortgages held and partly to be acquired, and properties and other assets of the Land Development Banks.

(2) Every debenture may contain a term fixing a period not exceeding thirty years from the date of issue during which is shall be redeemable, reserving to the committee the right to redeem at any time in advance of the date fixed for debenture not less than three months' notice in writing.

(3) The total amount due on debentures issued by the State Land Development Bank, and outstanding at any time, shall not exceed—

(*a*) where debentures are issued against mortgages held, the aggregate of—

(i) the amounts due on the mortgages;

(ii) the value of the properties and other assets transferred or deemed to have been transferred under section 85 by the Primary Land Development Banks to the State Land Development Bank and subsisting at such time; and

(iii) the amounts paid under the mortgages aforesaid and the unsecured amounts remaining in the hands of the State Land Development Bank or the Trustee at the time;

(*b*) where debentures are issued otherwise than on mortgages held, the total amount as calculated under clause (*a*) increased by such portion of the amount obtained on the debentures as is not covered by a mortgage.]

80. *Charge of debenture holders on certain properties.*—The holders of the debentures shall have a floating charge on—

(*a*) all such mortgages and assets as are referred to in clause (*a*) of sub-section (3) of section 79;

(*b*) the amount paid under such mortgages and remaining in the hands of the Board or of the Trustee; and

(*c*) the other properties of the State Land [19][Development] Bank.

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19. Substituted by Mysore Act 40 of 1964.

81. *Guarantee by State Government of principal of, and interest on debentures.*—(1) The principal of, and interest on the debentures issued under section 79 shall, in respect of such maximum amount as may be fixed by the State Government and subject to such conditions as it may think fit to impose, carry the guarantee of the State Government.

(2) The State Government may, subject to any law of the Legislature of the State, increase the maximum amount of any guarantee given under sub-section (1).

(3) The State Government may, after consulting the Board and the Trustee,—

(*a*) by notification in the official Gazette; and

(*b*) by notice of not less than fourteen days in such of the principal newspapers in the State and of other States in India as the State Government may select in this behalf;

discontinue any guarantee given by it or restrict the maximum amount thereof or modify the conditions, subject to which it is given, with effect from a specified date, not being earlier than six months form the date of publication of the notification in the official Gazette:

Provided that the withdrawal, restriction or modification of any guarantee under this sub-section, shall not in any way affect the guarantee carried by any debentures issued prior to the date on which such withdrawal, restriction or modification takes effect.

(4) Every notification and notice referred to in sub-section (3) shall, where the maximum amount subject to which the guarantee is to be restricted, or the conditions subject to which the guarantee is given are to be modified, set forth precisely the scope and effect of the restriction or modification as the case may be.

82. *Other guarantees by State Government.*—(1) The State Government may by general or special order authorise the grant of loans to members by the State Land [20][Development] Bank or the Land [20][Development] Banks for the development of land in excess of the loans to which such member may be entitled on the basis of the value of the lands determined in accordance with the principles of valuation approved by the State Government, such excess not exceeding such limits as may be specified in such order.

(2) In respect of loans granted in accordance with sub-section (1), the State Government may guarantee for a specific period the

20. Substituted by Mysore Act 40 of 1964.

repayment of the loan to the extent of the excess granted to the members.

[21][82A. *Powers of Land Development Banks to advance loans and to hold lands.*—Subject to the provisions of this Act and the Rules made thereunder, it shall be competent for the Land Development Banks to advance loans for the purposes referred to in section 76A, and to hold lands the possession of which is transferred to them under the provisions of this Chapter.

[21][82B. *Mode of dealing with applications for loans.*—(1) When an application for a loan is made for any of the purposes mentioned in section 76A, a public notice shall be given of the application in such manner as may be prescribed calling upon all persons interested to present their objections to the loan, if any, in person, at a time and place fixed therein. The State Government may, from time to time, prescribe the persons by whom such public notice shall be given and the manner in which the objections shall be heard and disposed of.

(2) The prescribed officer shall consider every objection submitted under sub-section (1) and make an order in writing either upholding or overruling it:

Provided that, when the question raised by an objection is in the opinion of the officer one of such a nature that it cannot be satisfactorily decided except by a civil court, he shall postpone *the* proceedings on the application until the question has been so decided.

(3) A notice under sub-section (1), published in the manner prescribed, shall, for the purpose of this Act be deemed to be proper notice to all persons having or claiming interest in the land to be improved, or offered as security for the loan.

(4) Subject to such rules as may be prescribed, the Land Development Banks shall consider such application after due enquiry for the purpose of making loans under this Chapter.

[21][82C. *Order granting loan conclusive of certain matters.*—A written order by the Land Development Bank, or persons or committees authorised under the bye-laws of the Bank to make loans for all or any of the purposes specified in section 76A, granting, either before or after the commencement of the Mysore Co-operative Societies (Amendment) Act, 1964, a loan to or with the consent of a person mentioned therein, for the purpose of carrying out work specified therein for the benefit of the land or for the productive

21. Inserted by Mysore Act 40 of 1964.

purpose specified therein shall for the purpose of this Act be conclusive of the following matters, that is to say :—

(*a*) that the work described or the purpose for which the loan in granted, is an improvement or productive purpose, as the case may be, within the meaning of section 76A ;

(*b*) that the person had at the date of the order a right to make such an improvement or incur expenditure for productive purpose, as the case may be ; and

(*c*) that the improvement is one benefiting the land specified and productive purpose concerns the land offered in security, or any part thereof as may be relevant.]

83. *Priority of mortgage over certain claims.*—A mortgage executed in favour of a Land [22][Development] Bank shall have priority over any claim of the Government arising from a loan under the [22A][Land Improvement Loans Act, 1883 (Central Act XIX of 1883), or the [22B][Agriculturists Loans Act, 1884 (Central Act XII of 1884), granted after the execution of the mortgage.

84. *Right of Land [22][Development] Bank or of the State Land [22][Development] Bank to purchase mortgaged property.*—(1) Notwithstanding anything contained in any law for the time being in force, it shall be lawful for the State Land [23][Development] Bank or a Land [23][Development] Bank to purchase any mortgaged property sold under the Chapter, and the property so purchased shall be disposed of by such bank by sale within such period as may be fixed by the Trustee.

(2) Nothing in any law fixing a maximum limit of agricultural holding shall apply to the acquisition of land by a Land [23][Development] Bank or the State Land [23][Development] Bank under sub-section (1).

85. *Mortgages executed in favour of Land [23][Development] Bank to stand vested in State Land [23][Development] Bank.*—The mortgages executed in favour of, and all other assets transferred to a Land [23][Development] Bank by the members thereof shall, with effect from the date of such execution or transfer, be deemed to have been transferred by such Land [23][Development] Bank to the State Land [23][Development] Bank and shall vest in the Trustee.

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22. Substituted by Mysore Act 40 of 1964.

22A—Now see the Mysore Land Improvement Loans Act, 1963 (16 of 1963).

22B—Now see the Mysore Agriculturist Loans Act, 1963 (17 of 1963).

23. Substituted by Mysore Act 40 of 1964.

[24][85A. *Registration of mortgage or lease in favour of Land Development Banks.*—Notwithstanding anything contained in the Indian Registration Act, 1908, it shall not be necessary to register mortgages or leases executed in favour of the Land Development Banks, provided that the Land Development Bank concerned sends within such time and in such manner as may be prescribed, a copy of the instrument whereby immoveable property is mortgaged or leased to the Registering Officer within the local limits of whose jurisdiction the whole or any part of the property mortgaged or as the case may be, leased is situate, and such Registering Officer shall file a copy or copies as the case may be in his Book No. 1 prescribed under section 51 of the Indian Registration Act, 1908.]

86. *Power of Land* [25][*Development*] *Bank to receive moneys and grant discharges.*—Notwithstanding that a mortgage, executed in favour of a Land [25][Development] Bank has been transferred, or is deemed under the provisions of section 85 to have been transferred, to the State Land [25][Development] Bank,—

(*a*) all moneys due under the mortgage shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to the mortgagor, be payable to the Land [25][Development] Bank, and such payment shall be as valid as if the mortgage had not been so transferered; and

(*b*) the Land [25][Development] Bank shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to the Land [25Development] Bank, be entitled to use on the mortgage or take any other proceeding for the recovery of the moneys due under the mortgage.

[26][86A. *Recovery of Loans by Development Banks.*—All loans granted by the Land Development Banks, all interests (if any) chargeable thereon, and costs (if any), incurred in making the same, shall when they become due, be recoverable by the Land Development Bank concerned.]

87. *Right of Land Development Bank to pay prior debts of mortgagor.*—(1) Where a mortgage is executed in favour of a Land [25][Development] Bank for payment of prior debts of the mortgagor, the Bank may, notwithstanding the provisions of sections 83 and 84 of the Transfer of Property Act, 1882 (Central Act IV of 1882), by notice in writing, require any person to whom any such debt is due

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24. Inserted by Mysore Act 40 of 1964.
25. Substituted by Mysore Act 40 of 1964.
26. Inserted by Mysore Act 40 of 1964.

to receive payment of such debt or part thereof from the bank at its registered office within such period as may be specified in the notice.

(2) Where any such person fails to receive such notice or such payment, such debt or part thereof, as the case may be, shall cease to carry interest from the expiration of the period specified in the notice:

Provided that where there is a dispute as regards the amount of any such debt, the person to whom such debt is due shall be bound to receive payment of the amount offered by the Land [27][Development] Bank towards the debt, but such receipt shall not prejudice the right, if any, of such person, to recover the balance claimed by him.

(3) For purposes of determining the particulars of prior debts referred to in sub-section (1), any officer of the State Land [27][Development] Bank or of the Land [27][Development] Bank, authorised in this behalf by the State Government by notification in the official *Gazette*, may, subject to such restrictions, limitations and conditions as may be prescribed, by order in writing require any person to whom any such prior debt may be due, to furnish any information or any document relating to such debt, and thereupon such person shall furnish the information or document so required.

[28][87A. *Mortgages executed by managers of joint Hindu families.*—(1) Mortgages, in respect of loans by a Land Development Bank or the State Land Development Bank either before or after the commencement of the Mysore Co-operative Societies (Amendment) Act, 1964 by the manager of a joint Hindu family for the improvement of agricultural land or of the methods of cultivation, or for financing any other means to increase the productivity of the land, or for other means to increase the productivity of the land, or for the purchase of land, shall be binding on every member of such joint Hindu family, not withstanding any law to the contrary.

(2) In other cases, where a mortgage executed in favour of a Land Development Bank or State Land Development Bank either before or after the commencement of the Mysore Co-operative Societies (Amendment) Act, 1964, is called in question on the ground that it was executed by the manager of a joint Hindu family for a purpose not binding on the members (whether such members have

27. Substituted by Mysore Act 40 of 1964.
28. Substituted by Mysore Act 40 of 1964.

attained majority or not) thereof, the burden of proving the same shall, notwithstanding any law to the contrary, lie on the party alleging it.

87B. *Restrictions on lease.*—(1) Notwithstanding anything contained in the Transfer of Property Act, 1882 or any other law for the time being in force, no mortgagor of property mortgaged to a Land Development Bank, shall except with the prior consent in writing of the Bank, and subject to such terms and conditions as the Bank may impose, lease or create any tenancy rights on any such property :

Provided that the rights of the Land Development Bank shall be enforceable against the tenant purchaser, the lessee or the tenant, as the case may be, as if he himself were a mortgagor.

(2) Where land mortgaged with possession to a Land Development Bank, is in actual possession of a tenant, the mortgagor or the Land Development Bank shall give notice to the tenant to pay rent to the Land Development Bank during the currency of the lease and the mortgage, and on such notice being given, the tenant shall be deemed to have attorned to the Land Development Bank.]

88. *Distraint—When to be made.*—(1) If any instalment payable under a mortgage executed in favour of a Land [29][Development] Bank or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, the committee may, in addition to any other remedy available to the Bank, apply to the Registrar for the recovery of such instalment or part thereof by distraint and sale of the produce of the mortgaged land including the standing crops thereon.

(2) On receipt of such application, the Registrar may, notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act IV of 1882) take action in the manner prescribed for the purpose of distraining and selling such produce :

Provided that no distraint shall be made after the expiry of twelve months from the date on which the instalment fell due.

(3) The value of the property distrained shall be as nearly as possible, equal to the amount due and the expenses of the distraint and the costs of the sale.

89. *Power of sale when to be exercised.*—(1) Notwithstanding anything contained in the Transfer of Property Act, 1882 (Central

Act IV of 1882), where a power of sale without the intervention of the court is expressly conferred on the Land [30][Development] Bank by the mortgage deed, the committee of such Bank or any person authorised by such committee in this behalf shall in case of default of payment of the mortgage money or any part thereof, have power, in addition to any other remedy available to the Bank, to bring the mortgaged property to sale without the intervention of the court.

(2) No such power shall be exercised unless and until,—

(*a*) the Board has previously authorised the exercise of the power conferred by sub-section (1), after hearing the objections, if any, of the mortgagor;

(*b*) notice in writing requiring payment of such mortgage money or part has been served upon—

(i) the mortgagor;

(ii) any person who has any interest in or charge upon the property mortgaged or in or upon the right to redeem the same;

(iii) any surety for the payment of the mortgage debt or any part thereof; and

(iv) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property; and

(*c*) default has been made in payment of such mortgage money or part thereof for three months after such service

(3) No sale of the mortgaged property under this section shall be conducted except in such manner and subject to such conditions including conditions relating to setting aside of the sale on deposit of prescribed amount and confirmation of sale, as may be prescribed.

[31][89A. *Confirmation of sale.*—(1) On effecting the sale by a Land Development Bank under section 89, the Bank shall, in the prescribed manner submit to the State Land Development Bank and the Registrar a report setting forth the manner in which the sale has been effected and the result of the sale, and the State Land Development Bank may, with the approval of the Registrar, confirm the sale or cancel it.

30. Substituted by Mysore Act 40 of 1964.

31. Sub-section (3) of Section 89 and Section 89A to 89H inserted by Mysore Act 40 of 1964.

(2) Where the sale is effected by the State Land Development Bank or the Trustee under section 89, the State Land Development Bank or the Trustee, as the case may be, shall in the prescribed manner submit to the Registrar a report setting forth the manner in which the sale has been effected and the result of the sale, and the Registrar may confirm or cancel the sale.

89B. *Disposal of sale-proceeds.*—The proceeds of every sale effected under section 89 and confirmed under section 89A, shall be applied first in payment of all costs, charges and expenses incurred in connection with the sale or attempted sales, secondly in payment of any or all interest due on account of the mortgage in consequence whereof the mortgage property was sold, and thirdly in payment of the principal due on account of the mortgage including costs and charges incidental to the recovery.

If there remain any residue from the proceeds of sale, the same shall be paid to the person proving himself interested in the property sold, or if there are more such persons than one, then to such persons upon their joint receipt or according to their respective interest therein, as may be determined by the Land Development Bank :

Provided that before any such payments are made the unsecured dues owing,

(*a*) from the mortgagor to the Land Development Bank may be adjusted, and

(*b*) from any member or past member to whom the mortgagor is indebted may also be adjusted under the written authority given by such member and past member, and after holding such inquiry as may be deemed necessary.

89C. *Certificate to purchase, delivery of property and title of purchaser.*—(1) Where a sale of mortgaged property has become absolute under section 89A and the sale-proceeds have been received in full by the Land Development Bank, the Bank shall grant a certificate to the purchaser in the prescribed form certifying the property sold, the sale-price, the date of its sale, the name of the person who at the time of sale is declared to be the purchaser, and the date on which the sale became absolute ; and upon the production of such certificate the Sub-Registrar appointed under the Indian Registration Act, 1908, within the limits of whose jurisdiction the whole or any part of the property specified in the certificate is situated, shall enter the contents of such certificate in his register relating to immovable property.

(2) (*a*) Where the mortgaged property sold is in the occupancy of the mortgagor, or of some person on his behalf, or some person claiming under a title created by the mortgagor, subsequent to the mortgage in favour of the State Land Development Bank Bank or a Land Development Bank and a certificate in respect thereof has been granted under the foregoing sub section, the Deputy Commissioner shall, on the application of the purchase, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf, in possession of the property.

(*b*) Where the property sold is in the occupancy of a tenant or other person entitled to occupy the same, and a certificate in respect thereof has been granted under the foregoing sub-section, the Deputy Commissioner shall, on the application of the purchaser and after notice to such tenants or other persons, order the delivery to be made by affixing copy of the certificate of sale in a conspicuous place on the property and proclaiming to the occupant by beat of drum or other customary mode at some convenient place, that the right, title and interest of the mortgagor have been transferred to the purchaser.

(3) Where any property is sold in the exercise or purported exercise of a power of sale under section 69, the title of the purchaser shall not be questioned on the ground that the circumstances required for authorising the sale had not arisen, or due notice of the sale was not given, or the power of sale was otherwise improperly or irregularly exercised :

Provided that any person who suffers damage on account of unauthorised, improper or irregular exercise of such power shall have a remedy in damages against the Land Development Bank.

89D. *Recovery of loans on certificate by Registrar.*—(1) Notwithstanding anything contained in sections 70 and 71 on an application made by a Land Development Bank for the recovery of arrears of any sum advanced by it to any of its members and on its furnishing a statement of accounts in respect of the arrears, the Registrar may, after making such enquiries as he deems fit, grant a certificate for the recovery of the amount stated therein to be due as arrears.

(2) A certificate by the Registrar under sub-section (1) shall be final and conclusive as to the arrears due. The arrears stated to be due therein shall be recoverable according to the law for the time being in force for the recovery of arrears of land revenue.

(3) It shall be lawful to the Deputy Commisioner to take precautionary measures authorised by section 188 of the Mysore Land Revenue Act, 1964 or any law or provision corresponding thereto for the time being in force until the arrears due to the Land Development Bank together with interest and any incidental charges incurred in the recovery of such arrears, are paid or security for payment of such arrears, is furnished to the satisfaction of the Registrar.

(4) It shall be competent for the Registrar or a person authorised by him to direct conditional attachment of the property of the mortgagor until the arrears due to the Land Development Bank together with interest and incidental charges incurred in recovery of such arrears, are paid or security for payment of such arrears is furnished to the satisfaction of the Registrar and the provisions of section 95 shall apply *mutatis mutandis* to conditional attachment of any property made or to be made under this section.

89E. *Deputy Commissioner to make recoveries during a certain period.*—(1) During such period as the State Government may by general or special order notify in the official Gazette, it shall be competent for the Deputy Commissioner on application being made to him in that behalf by a Land Development Bank, to recover all sums due to the Land Development Bank (including the cost of such recovery).

(2) Any amount due to a Land Development Bank shall be recoverable by the Deputy Commissioner or any officer specially authorised by the Deputy Commissioner in this behalf, in all or any of the following modes, namely :—

(*a*) from the borrower—as if they were arrears of land revenue due by him;

(*b*) out of the land for the benefit of which the loan has been granted according to the procedure for the realisation of land revenue by the sale of immovable property;

(*c*) from a surety (if any) as if they were arrears of land revenue due by him;

(*d*) out of the property comprised in the collateral security (if any) according to the procedure for the realisation of land revenue by the sale of immovable property.

89F. *Officers of banks not to bid at sales.*—At any sale for movable or immovable property, held under the provisions of this Chapter, no officer or employee of a Land Development Bank or the State Land Development Bank, except on behalf of the bank of which he is an officer or an empoyee, and no person having any duty

to perform in connection with such sale, shall either directly or indirectly bid for or acquire or attempt to acquire any interest in such property.

89G. *Section 40 of Bombay Act 28 of 1947 not to apply to alienation in favour of Land Development Banks.*—Nothing contained in section 40 of the Bombay Agricultural Debtors Relief Act, 1947, or any corresponding law for the time being in force in any part of the State shall apply to any alienation in favour of the Land Development Banks.

89H. *Provision for Guarantee Funds to meet certain losses.*—(1) It shall be competent for the State Government to constitute one or more Guarantee Funds on such terms and conditions as it may deem fit, for the purpose of meeting losses that might arise as a result of loans being made by the Land Development Banks on titles in immovable property subsequently found to be defective or for any other purpose under this Chapter, for which in the opinion of the State Government, it is necessary to provide for or create a separate Guarantee Fund.

(2) The State Land Development Bank and the Land Development Banks shall contribute to such funds at such rate as may be prescribed, and the constitution, maintenance and utilisation of such Funds shall be governed by such rules as may be made by the State Government in this behalf.]

90. *Powers of Land* [31A][*Development*] *Bank where mortgaged property is destroyed or security becomes insufficient.*—Where any property mortgaged to a Land [31A][Development] Bank is wholly or partially destroyed or the security is rendered insufficient and the the mortgagor, having been given a reasonable opportunity by the committee of the Land [31A][Development] Bank, or providing further security enough to render the whole security sufficient or of repaying such portion of the loan as may be determined by the committee, has failed to provide such security or to repay such portion of the loan, the whole of the loan shall be deemed to fall due at once and the committee shall be entitled to take action against the mortgagor under section 88 or section 89 for the recovery thereof.

Explanation.—A security is insufficient within the meaning of this section, unless the value of the mortgaged properly exceeds the amount for the time being due on the mortgage by such proportion as may be specified in the bye-laws of the Land [31A][Development] Bank.

31A. Substituted by Mysore Act 40 of 1964.

91. *Power of Board or of Trustee to distrain and sell property, etc.*—(1) The Board or the Trustee may direct the committee of a Land [32][Development] Bank to take action against defaulter under section 88, section 89 or section 90 and if the committee neglects or fails to do so, the Board or the Trustee may take such action.

(2) (*a*) Where such action is taken by the Board, the provisions of this Chapter and of any rules or regulations made in this behalf shall apply in respect thereto as if all references to the Land [32][Development] Bank and to its committee in the said provisions were references to the State Land [32][Development] Bank and the Board, respectively.

(*b*) Where such action is taken by the Trustee, the provisions of this Act and of any rules or regulations made thereunder shall apply in respect thereto as if all references to the [32][Development] Bank or to its committee in the said provisions were references to the Trustee.

92. *Title of purchaser not to be questioned on the ground of irregularity, etc.*—Where any property is sold in the exercise or purported exercise of a power of sale under section 89, the title of the purchaser shall not be questioned on the ground that,—

(*a*) the circumstances required for authorising the sale had not arisen, or

(*b*) the power of sale was otherwise improperly or irregularly exercised;

but any person who has suffered any damage by an unauthorised, improper or irregular exercise of any such power shall have a remedy in damages against the Land [33][Development] Bank.

93. *Mortgage not to be questioned on insolvency of mortgagor.*—Notwithstanding anything contained in any law relating to insolvency, a mortgage executed in favour of a Land [33][Development] Bank shall not be called in question on the ground that it was not executed in good faith for vlauable consideration or on the ground that it was executed in order to give the Land [33][Development] Bank a preference over the other creditors of the mortgagor.

94. *Appointment of receiver and his powers.*—(1) The Board may, on the application of a Land [33][Development] Bank and under circumstances in which the power of sale conferred by section 89 may be exercised, appoint in writing a receiver of the produce and income

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32. Substituted by Mysore Act 40 of 1964.
33. Substituted by Mysore Act 40 of 1964.

of the mortgaged property or any part thereof and such receiver shall be entitled either to take possession of the property or collect its produce and income, as the case may be, to retain out of any money realised by him, his expenses of management including his remuneration, if any, as fixed by the Board, and to apply the balance in accordance with the provisions of sub-section (8) of section 69-A of the Transfer of Property Act, 1882 (Central Act IV of 1882).

(2) A receiver appointed under sub-section (1) may, for sufficient cause and on application made by the mortgagor, be removed by the Board.

(3) A vacancy in the office of the receiver may be filled up by the Board.

(4) Nothing in this section shall empower the Board to appoint a receiver where the mortgaged property is already in the possession of receiver appointed by a civil court.

95. *Mortgagor's powers to lease.*—(1) Notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act IV of 1882), or any other law for the time being in force, a mortgagor shall not grant a lease of the mortgaged property for a period exceeding five years.

(2) Any lease granted in contravention of the provisions of sub-section (1) shall be void.

96. *Delegation of certain powers by Board.*—The Board may, if it thinks fit, delegate all or any of its powers under sections 89, 91 and 94 to an executive committee constituted by it and consisting of two or more of its members.

97. *Sections* 102, 103 *and* 104 *of the Transfer of Property Act,* 1882, *to apply to notices under this Chapter.*—The provisions of sections 102 and 103 of the Transfer of Property Act, 1882 (Central Act IV 1882), and of any rules made by the High Court under section 104 of that Act for carrying out the purposes of the said sections, shall apply, so far as may be, in respect of all notices to be served under this Chapter.

[34][98. *Power to committee of State Land Development Bank to supervise Land Development Banks and make regulations.*—The committee of the State Land Development Bank shall have a general power of supervision over Land Development Banks and may, with the previous sanction of the State Government, by notification in the

34. Substitute by Mysore Act 40 of 1964.

official Gazette, make regulations, not inconsistent with this Act or the rules made thereunder, for all or any of the following matters, namely:—

(*a*) for the inspection of the account books and proceedings of Land Development Banks;

(*b*) for the submission of returns and reports by such banks in respect of their transactions;

(*c*) for the periodical settlement of accounts between such banks and the State Land Development Bank being acounts relating to the payment of the amounts recovered by such banks on mortgages transferred to the State Land Development Bank;

(*d*) for the form in which applications to such banks for loans shall be made and for the valuation of properties offered as security for such loans;

(*e*) for the investment of moneys realised from the mortgagors;

(*f*) the conditions of service of employees of such banks;

(*g*) the programme and policy to be followed by such banks for making loans;

(*h*) the types and extent of security to be obtained by such banks for advancing loans;

(*i*) generally, for the purpose of safeguarding the interest of the parties, furtherance of activities of such banks, and carrying out the purposes of this Chapter.]

CHAPTER XII.

EXECUTION OF AWARDS, DECREES, ORDERS, AND DECISIONS.

99. *Enforcement of charge.*—Notwithstanding anything contained in Chapter IX, or any other law for the time being in force but without prejudice to any other mode of recovery provided in this Act, the Registrar or any person subordinate to him empowered by the Registrar in this behalf, may, on the application of a co-operative society, make an order directing the payment of any debt or outstanding demand due to the society by any member or past or deceased member, by sale of the property which is subject to a charge under sub-section (1) of section 32:

Provided that no order shall be made under this section, unless the member, past members or the nominee, heir or legal representa-

tive of the deceased member, has been served with a notice of the application and has failed to pay the debt or outstanding demand within seven days from the date of such service.

100. *Recovery of moneys due to societies.*—(1) Notwithstanding anything contained in Chapter IX or any other law for the time being in force, on an application made by an approved society for the recovery of arrears of any sum advanced by it to any of its members on account of the financing of crops or seasonal finance and on its furnishing a statement of accounts in respect of the arrears, the Registrar may, after making an enquiry in such manner as may be prescribed, grant a certificate for the recovery of the amount stated therein to be due as arrears:

Provided that if the determination of the amount due from any person to the society depends upon decisions on completed questions of facts or law, the Registrar shall dispose of the case in accordance with the provisions of section 71 as if it were a dispute referred to him for decision under section 70.

(2) A certificate granted by the Registrar under sub-section (1) shall be final and conclusive. The arrears stated to be due therein shall be recoverable as arrears of land revenue or according to the procedure provided in section 101:

Provided that any error in such certificate may be rectified by the Registrar *suo motu* or on the application of the society or the member affected by the certificate.

(3) It shall be lawful for the Deputy Commissioner to take precautionary measures authorised by sections 146 to 150 of the [34A]Mysore Land Revenue Code, 1888 (Mysore Act IV of 1888), until the arrears due to the society together with interest and any incidental charges incurred in the recovery of such arrears are paid or security for payment of such arrears is furnished to the satisfaction of the Registrar.

Explanation:—For the purpose of this section,—

(i) "approved society" shall mean a society or such class of societies declared to be approved societies for purposes of this section by rules:

(ii) "financing of crops" shall mean advancing of loans for the raising of crops during the ploughing season or later for ploughing, weeding, harvesting, purchase of seeds, manure or for such other purposes as may be prescribed

34A. Now see the Mysore Land Revenue Act, 1964 (No. 12 of 1964).

by the Registrar, such loans being repayable during the season when the crops for which the loans were advanced are harvested;

(iii) "seasonal finance" shall mean the advancing of loans for such purposes as may be specified by notification in the official Gazette by the Registrar, such loans being repayable on or before the 31st of March following or such other date as may be specified by a like notification by the Registrar.

101. *Execution of orders, etc.*—Every order made by the Registrar under sub-section (2) of section 69 or under section 99, every decision or award made under section 71, every order made by the liquidator under section 74 and every order made by the Tribunal under sections 105 and 107, and every order made under section 106 or 108 shall subject to any other provision of this Act be binding on the person or co-operative society against whom the order, decision or award has been obtained or passed and shall, if not carried out,—

(*a*) on a certificate signed by the Registrar, or any person authorised by him in this behalf, be deemed to be a decree of a Civil Court and shall be executed in the same manner as a decree of such court; or

(*b*) be executed according to the law and under the rules for the time being in force for the recovery of arrears of land revenue:

Provided that an application for the recovery in such manner of any sum shall be made,—

(i) to the Deputy Commissioner and shall be accompanied by a certificate signed by the Registrar or by any person authorised by him in this behalf;

(ii) within twelve years from the date fixed, in the order, decision or award, and if no such date is fixed, from the date of the order, decision or award, as the case may be; or

(c) be executed by the Registrar or any other person subordinate to him empowered by the Registrar in this behalf, by the attachment and sale or sale without attachment of any property of the person or a co-operative society against whom the order, decision or award has been obtained or passed.

[35][101A. *Transfer of property made after issue of certificate void against co-operative society.*—Any private transfer or delivery of, or encumbrance or charge, on property made or created after the issue of the certificate of the Registrar or any person authorised by him in this behalf under section 101 shall be null and void as against the co-operative society on whose application the said certificate was issued.

101B. *Transfer of property which cannot be sold.*—(1) When in any execution of an order sought to be executed under section 101, any property cannot be sold for want of buyers, if such property is in the occupancy of the defaulter, or of some person on his behalf or of some person claiming under a title created by the defaulter after the issue of the certificate by the Registrar or any person authorised by him under section 101, the Court, or the Deputy Commissioner or the Registrar, as the case may be, may, notwithstanding anything contained in any law for the time being in force, direct that the said property or any portion thereof shall be transferred in the manner prescribed, to the co-operative society which has applied for the execution of the said order.

(2) Where property is transferred to the co-operative society under sub-section (1) or where the property is sold under section 101, the Court, the Deputy Commissioner or the Registrar, as the case may be, may in accordance with the rules place the society or the purchaser, as the case may be, in possession of the property transferred or sold.

(3) Subject to such rules as may be made in this behalf, and to any rights, encumbrances, charges or equities lawfully subsisting in favour of any person, such property or portion thereof shall be held under sub-section (1) by the said society on such terms and conditions as may be agreed upon between the Court, the Deputy Commissioner or the Registrar, as the case may be, and the said society.

(4) Subject to the general or special orders of the State Government, the Deputy Commissioner or the Registrar may delegate to an officer not below the rank of an Assistant Commissioner or an Assistant Registrar, the powers exercisable by the Deputy Commissioner or the Registrar under this section.]

102. *Registrar or person empowered by him to be a civil court for certain purposes.*—The Registrar or any person empowered by him in this behalf shall be deemed, when exercising any powers

35. Inserted by Mysore Act 40 of 1964.

under this Act for the recovery of any amount by the attachment and sale or by sale without attachment of any property, or when passing any orders on any application made to him for such recovery, or for taking a step-in-aid of such recovery, to be a civil court for the purposes of Article 182 of the First Schedule to the [35A][Indian Limitation Act, 1908, (Central Act IX of 1908).

103. *Attachment of property before award or order.*—[35B][(1)] If the Registrar is satisfied on an application, report, enquiry or otherwise, that any person with intent to delay or obstruct the enforcement of any order, decision or award that may be made against him under the provisions of this Act,—

(*a*) is about to dispose of the whole or any part of his property, or

(*b*) is about to remove the whole or any part of his property from the jurisdiction of the Registrar, the arbitrator, or the liquidator as the case may be,

he may, unless adequate security is furnished, direct the attachment of the said property ; and such attachment shall have the same effect as it made by a competent civil court.

[36][(2) Where the Registrar directs attachment of the property under sub-section (1), he shall issue a notice calling upon the person whose property is so attached to furnish security which he thinks adequate within a specified period ; and if the person fails to provide the security so demanded, the Registrar may confirm the order and after the decision in the dispute or the completion of the proceedings referred to in the foregoing sub-section may direct the disposal of the property so attached towards the claim if awarded.

(3) Attachment made under this section shall not affect the rights, subsisting prior to the attachment of the property, of persons not parties to the proceedings in connection with which the attachment is made, or bar any person holding a decree against the person whose property is so attached from applying for the sale of the property under attachment in execution of such decree.]

104. *Recovery of sums due to Government.*—(1) All sums due from a co-operative society or from an officer or member or past member of a co-operative society as such to Government including any costs awarded to Government under any provision of this Act, may, on a certificate issued by the Regisrar in this behalf, be recovered in the same manner as arrears of land revenue.

35A. Now see the Limitation Act, 1963 (Central Act 36 of 1963).

35B. Renumbered by Act 40 of 1964.

36. Added by Mysore Act 40 of 1964.

(2) Sums due from a society to Government and recoverable under sub-section (1) may be recovered, firstly from the property of the society; secondly, in the case of a society the liability of the members of which is limited from the members, past members or the estates of deceased members, subject to the limit of their liability; and, thirdly, in the case of other societies, from the members, past members or the estates of deceased members:

Provided that the liability of past members and the estates of deceased members shall in all cases be subject to the provisions of section 25.

[37][104A. *Application of this Chapter to Co-operative Societies in other States.*—The provisions of this Chapter and all rules made under this Act relating to, or in any manner connected with the recovery of the sum, specified in section 103 shall apply with such modifications, if any, as may be directed by the State Government in regard to the recovery of like sums due to co-operative societies registered or deemed to be registered under any law for the time being in force in any State in India notified in this behalf by the State Government in the official Gazette as if such co-operative societies had been registered in the State of Mysore under this Act.]

CHAPTER XIII.

Appeals, Revision and Review.

105. *Appeals to the Tribunal.*—Any person aggrieved by,—

(*a*) and decision of the Registrar made under clause (*a*) of sub-section (1) of section 71; or

(*b*) any decision of the person invested by the State Government with powers in that behalf under clause (*b*) of sub-section (1) of section 71;

(*c*) any award of an arbitrator under clause (*c*) of sub-section (1) of section 71; or

(*d*) and determination of a Liquidator under clause (*f*) of sub-section (2) of section 74;

(*e*) any order made under section 103 with a view to preventing any delay or obstruction in the execution of any decision or award that may be made under section 71;

may within sixty days from the date of the decision, award or order, as the case may be, appeal to the Tribunal.

37. Inserted by Mysore Act 40 of 1964.

[38][105A. *Appeals relating to admission of members to societies.*—(1) Any person who has made an application for admission as a member under sub-section (3) of section 16 may appeal to the Registrar against any refusal of the co-operative society to admit him as a member or against any failure on its part within the period referred to in sub-section (4) of section 16 to admit him a as member or to send a notice of its refusal to admit.

(2) Every appeal under sub-ection (1) hall be made by a petition in writing within sixty days by the person seeking admision of the communication of refusal or within sixty days on which the admission shall be deemed to have been refused under sub-section (4) of section 16 as the case may be. Such appeal shall be accompanied by a fee of rupees five.

(3) The Registrar shall, after causing reasonable notice to be given to the co-operative society and also to the person seeking admission, and giving them a reasonable opportunity to make their representations, if any, in writing, by order, direct either that the person shall be admitted by he co-operative society or that he need not be admitted by the society, and in the former case the co-operative society shall give effect to the decision within ten days of the receipt of the order.

(4) Before making an order under sub-section (3) on an appeal against any refusal of the co-operative society to admit a person as a member, the Registrar may require the co-operative society to disclose to him the reasons for such refusal and on the failure or refusal of the co-operative society to disclose such reasons, the Registrar may presume that the disclosure if made would be unfavourable to the co-operative society.

(5) All proceedings in appeals under this section or in relation thereto shall be confidential, and no suit, prosecution or other legal proceedings shall be in respect of any allegation made in such proceedings, whether orally or otherwise.]

106. *Appeals to other authorities.*—(1) An appeal shall lie under this section against,—

(*a*) an order of the Registrar made under sub-section (2) of section 7 refusing to register a co-operative society;

(b) an order of the Registrar made under sub-section (4) of section 12 refusing to register an amendment of the bye-laws of a co-operative society;

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38. Inserted by Mysore Act 40 of 1964.

[39][(c) x x x]

(*d*) an order of the Registrar under sub-section (2) of section 27;

(*e*) an order of the Registrar removing the committee of a co-operative society made under section 30;

(*f*) the seizure and impounding of books or property under section 66;

(*g*) an order made by the Registrar under section 67 apportioning the costs of an inquiry held under section 64 or an inspection made under section 65;

(*h*) an order of the Registrar under section 68;

(i) on order ofsurcharge made by the Registar under section 69;

(*j*) an order made by the Registrar under section 72 directing the winding up of a co-operative society;

(*k*) any order made by the Liquidator of a co-operative society in exercise of the powers conferred on him by section 74, other than a determination under clause (*f*) of sub-section (2) of that section;

(*l*) an order made by the Registrar under section 101; or

(*m*) an order for attachment of any property made by the Registrar under section 103 other than an order referred to in clause (*e*) of section 105.

(2) An appeal against any act, decision or order under sub-section (1) shall be made within sixty days from the date of the act, decision or order,—

[40][(*a*) if the act, decision or order was made by the Registrar, to the State Government;

(*b*) if the act, decision or order was made by any other officer, to that officer's immediate superior officer].

[41][x x x]

107. *Revision by Tribunal.*—The Tribunal may *suo motu* or on satisfying itself as to legality or propriety of any decision or order of any proceedings in which an appeal lies to it for the purpose of satisfying itself as to the legality or propriety of any decision or order passed and if in any case it shall appear to the Tribunal that any

39. Omitted by Mysore Act 40 of 1964.
40. Substituted by Mysore Act 40 of 1964.
41. Explanation omitted by Mysore Act 40 of 1964.

such decision or order should be modified, annulled or revised, the Tribunal may pass such order thereon as it may deem fit.

108. *Powers of revision of State Government.*—The Government *suo motu* at any time and on application of any person aggrieved, within a period of six months from the date of any order, may call for and examine the record of any case or proceedings of any officer subordinate to it except those subject to appeal or revision by the Tribunal or those in respect of which an appeal has been made to the State Government under section 106, and the State Government after such enquiry as it deems fit is satisfied that the order of the officer is contrary to law and has resulted in a miscarriage of justice, pass such orders thereon as the State Government deems just:

Provided that no order shall be made to the prejudice of any person under this section unless he has been given a reasonable opportunity of being heard.

CHAPTER XIV.

Offences and Penalties

109. *Offences.*—(1) Any person other than a co-operative society carrying on business under any name or title of which the word "Co-operative" or its equivalent in any Indian Language, is part, without the sanction of the State Government, shall be punishable with a fine which may extend to two hundred rupees.

[42][(1A) If default is made in giving effect to the order of the Registrar within the period specified in sub-section (3) of section 105A, the co-operative society and every officer of the society who is in default shall be punishable with fine which may extend to one thousand rupees or with further fine which may extend to one hundred rupees for every day after the first during which the default continues.]

(2) Any member or past member or the nominee, heir or legal representative of a deceased member of a co-operative society who contravenes the provisions of section 32 or 33 by disposing of any property in respect of which the society is entitled to have a first charge under that section or do any other act to the prejudice of such claim, shall be punishable with fine which may extend to two hundred rupees.

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42. Inserted by Mysore Act 40 of 1964.

(3) A co-operative society or an officer or member thereof wilfully making a false return or furnishing false information, or any person wilfully or without any reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Act or wilfully not furnishing any information or handing over any documents or property required from him by a person or body of persons authorised in this behalf under the provisions of this Act, shall be punishable with fine which may extend to two thousand rupees.

(4) Any employer, who without sufficient cause, fails to make the deduction under sub-section (2) of section 34, or fails to pay to a co-operative society the amount deducted by him under sub-section (2) of section 34 within a period of fourteen days from the date on which such deduction is made, shall without prejudice to any action that may be taken against him under any law for the time being in force, be punishable with fine which may extend to two thousand rupees.

(5) If default is made in complying with provisions of sub-section [43][(4)] of section 16, sub-clause (ii) of clause (*b*) of sub-section (1) of section 24, sub-section (1) of section 28, section 56, section 58, section 59, section 60, or section 62, the co-operative society, and every officer or member of committee of the society who is in default shall be punishable with fine which may extend to two hundred rupees.

(6) If any person—

(i) not eligible to become a member under section 17 applies to a co-operative society for admission as a member, or becomes a member, or after ceasing to be a member under sub-section (2) of that section, acts as a member;

(ii) exercises the rights of a member in contravention of the provisions of section 19;

(iii) wilfully fails to furnish the information or document in contravention of the provisions of sub-section (3) of section 87;

(iv) grants a lease of the mortgaged property in contravention of sub-section (1) of section 95,

shall be punishable with fine which may extend to two hundred rupees.

110. *Offences by companies.*—(1) Where as offence under sub-section (1) or sub-section (4) of section 109 or under any rule has

43. Substituted by Mysore Act 40 of 1964.

been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in the aforesaid sub-section or in any rules, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under sub-section (1) or (4) of section 109 or any rule has been committed by a company and it is proved that the offence has been committed by the consent of connivance of or is attributable to any neglet on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) " company " means a body corporate, and includes a firm or other association of individuals ; and

(*b*) " director " in relation to firm means a partner of the firm.

111. *Cognizance of offences*.—(1) No court inferior to that of a Magistrate of the First Class shall try any offence under this Act.

(2) No prosecution shall be instituted under this Act without the previous sanction of the Registrar and such sanction shall not be given—

(i) without giving to the person concerned an opportunity to represent his case ; and

(ii) if the Registrar is satisfied that the person concerned acted in good faith.

CHAPTER XV.

MISCELLANEOUS.

112. *Prohibition against the use of the word " Co-operative "*.—No person other than a co-operative society shall trade or carry on business under any name or title of which the word " co-operative " or its equivalent in any Indian language is part :

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he carried on business at the date on which the Co-operative Societies Act, 1912 (Central Act II of 1912), came into operation.

113. *Address of a co-operative society*.—Every co-operative society shall have an address registered in accordance with the rules to which all notices and communications may be sent and shall send to the Registrar notice of any change thereof within thirty days of the change.

114. *Copy of Act, Rules and Bye-laws to be open to inspection*.—Every co-operative society shall keep a copy of this Act, the rules and its bye-laws open to inspection free of charge at all reasonable times at the registered address of the society.

115. [44][*Amendment of bye-laws of co-operative societies in certain circumstances*].—(1) If it appears to the Registrar that amendments of the bye-laws of a co-operative society [45][xxx] are necessary or desirable in the interest of such society in so far as they relate to (i) the objects of such society; (ii) the territorial jurisdiction of such society; (iii) the persons who can become members of such society or (iv) bringing such bye-laws in conformity with the provisions of this Act or the rules, the Registrar may place before a meeting of the general body of the society held in such manner as may be prescribed by rules, the proposed amendments.

(2) If the amendments are approved by resolutions passed by a majority of the members present and voting at the said meeting either without modifications or modification to which the Registrar agrees, the Registrar shall register the amendments.

(3) If the amendments are not approved and registered under sub-section (2), the Registrar shall refer the matter to the State Government.

(4) On receipt of a reference under sub-section (3), the State Government shall after giving the co-operative society an oppotrunity to be heard, and after holding such inquiry as it deems fit, decide the amendments, if any, to be made in the bye laws, and the Registrar shall register the amendments in accordance with the decision of the State Government.

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44. Substituted by Mysore Act 40 of 1964.
45. Omitted by Mysore Act 40 of 1964.

(5) The Registrar shall forward to the society a copy of the amendments registered under sub-section (2) or (4) together with a certificate signed by him and such certificate shall be conclusive evidence that the amendments have been duly registered.

116. *Orders to be pronounced.*—Every order, decision or award made or given by the Registrar, or any officer or other person or a Liquidator, under this Act, shall be pronounced on the day on which the case is finally heard or on some future day of which due notice shall be given to the parties.

[46][117. *Procedure for settlement of disputes and power of the Registrar or any other person to whom a dispute is referred for decision under section* 70.—(1) The Registrar or any other person to whom a dispute is referred for decision under section 70, hearing a dispute under section 71 shall hear the dispute in the manner prescribed, and shall have power to summon and enforce attendance of witnesses including the parties interested or any of them and to compel them to give evidence on oath, affirmation or affidavit, and to compel the production of documents by the same means and as far as possible in the same maner, as is provided in the case of a civil court by the Code of Civil Procedure, 1908.

(2) Except with the permission of the Registrar or any other person deciding a dispute, as the case may be, no party shall be represented at the hearing of a dispute by a legal practitioner.

(3) (*a*) If the Registrar or any other person to whom a dispute is referred is satisfied that a person, whether he be a member of the co-operative society or not has acquird any interest in the property of a person who is a party to a dispute he may order that the person who has acquired the interest in the property may join as a party to the dispute; and any decision that may be passed on the reference by the Registrar or his nominee or any other person shall be binding on the party so joined, in the same manner as if he were an original party to the dispute.

(*b*) Where a dispute has been instituted in the name of the wrong person, or where all the defendants have not been included, the Registrar or any other person to whom a dispute is referred for decision under section 70 may, at any stage of the hearing of the dispute, if satisfied that the mistake was *bona fide*, order any other person to be substituted or added as a plaintiff or a defendant, upon such terms as he thinks just.

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46. Substituted by Mysore Act 40 of 1964.

(*c*) The Registrar or any other person to whom a dispute is referred for decision under section 70, may, at any stage of the proceedings, either upon or without the application of any party, and on such terms as may appear to the Registrar, or any other person deciding a dispute, as th ecase may be, to be just, order that the name of any party improperly joined whether as plaintiff or defendant be struck out, and that the name of any person who ought to have been joined whether as plaintiff or defendant or whose presence before the Registrar, or any other person deciding a dispute under section 70, as the case may be, may be necessary in order to enable the Registrar or such person effectually and completely to adjudicate upon and settle all the questions invovled in the dispute, be added.

(*d*) Any person who is a party to the dispute and entitled to more than one relief in respect of the same cause of action may claim all or any of such reliefs; but if he omits to claim for all such reliefs, he shall not forward a claim for any relief so omitted, except with the leave of the Registrar or any other person to whom a dispute is referred for decision under section 70].

118. *Bar of jurisdiction of courts.*—(1) Save as provided in this Act, no civil or revenue court shall have any jurisdiction in respect of,—

(*a*) the registrtaion of a co-operative society or bye-laws or of an amendment of a bye-law;

(*b*) the removal of a committee;

(*c*) any dispute required under section 70 to be referred to the Registrar or the recovery of moneys under section 100;

(*d*) any matter concerning the winding up and the dissolution of a co-operative society.

(2) While a co-operative society is being wound up, no suit or other legal proceedings relating to the business of such society shall be proceeded with, or instituted against, the Liquidator as such or against the society or any member thereof, except by leave of the Registrar and subject to such terms as he may impose.

(3) Save as provided in this Act, no order, decision or award made under this Act shall be questioned in any court on any ground whatsoever.

119. *Application of Limitation Act.*—The provisions of sections 4, 5, 12 and 14 of the Indian Limitation Act, 1908, shall be applicable to the filing of any appeal or application for revision under this Act.

120. *Power to exempt societies from conditions of registration.*—Notwithstanding anything contained in this Act the State Government may, by special order published in the official Gazette in each case and subject to such conditions, if any, as it may impose, exempt any co-operative society from any of the requirements of this Act as to registration.

121. *Power to exempt societies.*—The State Government may, by general or special order published in the official Gazette, exempt any co-operative society or any class of societies from any of the provisions of this Act or may direct that such provisions shall apply to such society or class of societies with such modifications as may be specified in the order.

122. *Register of Members.*—Any register or list of members or shares kept by any co-operative society shall be *prima facie* evidence of any of the following particulars entered therein :—

(*a*) the date on which the name of any person was entered in such register or list as a member ;

(*b*) the date on which any such person ceased to be a member.

123. *Proof of entries in co-operative societies' books.*—(1) A copy of any entry in a book of a co-operative society regularly kept in the course of its business, shall, if certified in such manner as may be prescribed, be received in any suit or legal proceedings as *prima facie* evidence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in the same manner and to the same extent as the original entry itself is admissible.

(2) A co-operative society may grant copies of any document obtained and kept by it in the course of its business, or of any entries in such document ; and any copy so granted shall, when certified in such manner as may be prescribed, be admissible in evidence for any purpose in the same manner and to the same extent as the original document or the entries therein, as the case may be.

(3) No officer of a co-operative society and no officer in whose office the books of a co-operative society are deposited after liquidation shall, in any legal proceedings to which the society or the Liquidator is not a party, be compelled to produce any of the society's books or documents the contents of which can be proved under this section, or to appear as a witness to prove the matters, transactions and accounts therein recorded, except under order of the court, Tribunal or the arbitrator made for special cause.

124. *Service of notice under the Act.*—Every notice or order issued or made under this Act may be served on any person, by properly addressing it to the last known place of residence or business of such person prepaying and posting by registered post a letter containing the notice or order and unless the contrary is proved, such service shall be deemed to have been effected at the time as which the letter be delivered in the ordinary course.

125. *Notice necessary in suits.*—No suit shall be instituted against a co-opeartive society or any of its officers in respect of any act touching the constitution, management or the business of the society until the expiration of two months next after notice in writing has been delivered to the Registrar or left at his office, stating the cause of action, the name, description and place of residence of the plaintiff and the relief which he claims; and the plaint shall contain a statement that such notice has been so delivered or left.

126. *Acts of co-operative societies not to be invalidated by certain defects.*—No act of a co-operative society or any committee or of any officer shall be deemed to be invalid by reason only of the existence of any defect in the Institution of the society or the committee or in the appointment or election of an officer or on the ground that such officer was disqualified for his appointment.

127. *Indemnity.*—No suit, prosecution or other legal proceedings shall lie against the Registrar or any person subordinate to him or acting on his authority in respect of anything in good faith done or purporting to have been done under this Act.

128. *Companies Act, 1956, not to apply.*—The provisions of the Companies Act, 1956 (Central Act 1 of 1956), shall not apply to co-operative societies.

129. *Powers to make rules.*—(1) The State Government may, for the whole or any part of the State and for any class of co-operative societies after previous publication by notification in the official Gazette, make rules to carry out the purpose of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the applicant to whom the order refusing the registration of a co-operative society may be sent by the Registrar;

(*b*) the procedure and conditions for change in the form and extent of the liability of a co-operative society;

(*c*) the matters in respect of which a co-operative society shall or may make bye-laws;

(*d*) the procedure to be followed for amendment of bye-laws by a co-operative society;

(*e*) the qualifications of individuals who may be admitted as members of co-operative societies;

(*f*) the provision for a second or casting vote by the chairman of a meeting of a co-operative society;

(*g*) the appointment by a co-operative society of one of its members to represent and vote on its behalf at a meeting of another co-operatvie society of which it is a member;

(*h*) the maximum number of shares or portion of the share capital of a co-operative society which may be held by an individual member;

(*i*) the procedure for the nomination of a person to whom the share or interest of a member on his death may be transferred or the value thereof may be paid;

(*j*) the mode in which the value of a deceased member's share shall be ascertained;

[47][(*k*) conduct of elections to the committees of co-operative societies by the general body including the appointment of Returning Officers and the powers and functions of such Returning Officers;]

(*l*) the requisitioning of a general meeting of a co-operative society;

(*m*) the remuneration payable to a new committee or administrators appointed in place of a committee removed by the Registrar;

(*n*) the qualifications and disqualifications for membership of committee of a co-operatvie society, [48][the authority competent to decide questions of disqualification and appeals from such decisions;]

(*o*) [49][the recruitment and conditions of service of employees of co-operative societies;]

(*p*) the prohibition against officers of a co-operative society being interested in contracts with the society;

(*q*) the matters connected with direct and indirect partenership of the State Government in co-operative societies;

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47. Substituted by Mysore Act 40 of 1964.
48. Added by Mysore Act 40 of 1964.
49. Sub. by Act 40 of 1964.

(*r*) the rate at which dividend may be paid by co-operative societies;

(*s*) the objects of the reserve fund of a co-operative society and mode of its investment;

(*t*) the mode of disposal of reserve fund of a co-operative society on its winding up;

(*u*) the extent and conditions subject to which a co-operative society may receive deposits and loans;

(*v*) the restrictions on transactions by a co-operative society with non-members;

(*w*) restrictions on grant of loans by a co-operative society against its shares;

(*x*) the form and standards of fluid resources to be maintained by co-operative societies accepting deposits and granting cash credits;

(*y*) the levy of audit fees on co-operative societies;

(*z*) the procedure to be followed in proceedings before the Registrar, arbitrator or other person deciding disputes [50][and the fees payable to arbitrators;]

(*aa*) the conditions subject to which assets of a co-operative society shall vest in a liquidator and the procedure to be adopted in winding up of a co-operative society;

[51][(*bb*) the procedure for recovery of amounts due or payable to a co-operative society and for the transfer of property under section 101-B;]

(*cc*) the mode of making attachment before judgment;

[51][(*dd*) the procedure and conditions for the issue redemption, re-issue, transfer, replacement or conversion of debentures issued by a society to which Chapter XI is applicable;

(*dd*-1) the maximum amount of principal, the rate of interest and other conditions for the guarantee of debentures issued by a society to which Chapter XI is applicable;

(*dd*-2) the qualifications and methods of appointment of an officer to effect sale under section 89 and the powers and functions which such an officer may exercise;

(*dd*-3) for the appointment of a receiver of the produce and income of the mortgaged property for sale under sec-

50. Added by Mysore Act 40 of 1964.
51. Substituted by Mysore Act 40 of 1964.

tion 89, the conditions in which he may be appointed or removed, the powers and functions which he may exercise and the expenses of management and remuneration which he may receive ;

(*dd*-4) the circumstances in which action may be taken by a Land Development Bank against a mortgagor under section 91 ;

(*dd*-5) in case of sale of immovable property under Chapter XI—

(i) the procedure for proclamation and conduct of the sale and the conditions on which the proposed sale may be abandoned ;

(ii) the method of calculating the expenses incidental to the sale or proposed sale ;

(iii) the procedure for the receipt of deposits and disposal of the proceeds of sale ;

(iv) the procedure for a resale if a proposed sale is abandoned or the purchase money is not deposited within the prescribed time and the penalty to be levied against the purchaser who fails so to deposit the purchase money ;

(v) the form and method of disposal of money by a Land Development Bank under section 89-B ;

(vi) the form of sale certificate under section 89-C ;

(vii) the procedure for the delivery by the Court to the purchaser of the property purchased under section 89-C ;

(viii) the form of the notice referred to in section 97 ; and

(ix) the fee payable for the service of such notices and the manner of serving such notices, on the landlord named in such notices ;

(*dd*-6) the time within which and the procedure according to which property purchased by a Land Development Bank at a sale of immovable property under Chapter XI shall be disposed of by the Bank ;][51]

(*ee*) the manner of registering the address of co-operative society ;

(*ff*) the account books and registers to be kept by a co-operative society and power of Registrar to direct the accounts and books to be written up ;

(*gg*) the manner of certification of entries in the books of a co-operative society and of copies of documents kept by it in the course of its business;

(*hh*) the statements and returns to be furnished by co-operative sqcieties to the Registrar;

(*ii*) the restrictions on persons appearing as legal practitioners;

(*jj*) the inspection of documents and the levy of fees for granting certified copies thereof; and

(*kk*) the matters expressly required or allowed by this Act to be prescribed;

[52][(*ll*) any other matter necessary for giving effect to the purposes of this Act.]

(3) In making a rule under this section the State Government may provide that a person guilty of a breach thereof, shall be punishable with fine which may extend to two hundred rupees.

[53][(4) A rule under this Act may be made with retrospective effect and when such a rule is made the reasons for making the rule shall be specified in a statement laid before both Houses of the State Legislature. Subject to any modification made under section 130 every rule made under this Act shall have effect as if enacted in this Act.]

130. *Rules and orders to be laid before State Legislature.*—Every notification issued under sections 37, 54 and 132, every order made under sections 120 and 121, and every rule made under section 129 shall as soon as may be, after it is issued or made be laid before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more sessions and if before the expiry of the said period, either House of the State Legislature makes any modification in the notification, order or rule or directs that the notification, order or rule shall not have effect and if the modification or direction is agreed to by the other House the notification, order or rule shall thereafter have effect only in such modified form or be of no effect, as the case may be.

131. *Repeal and savings.*—The Bombay Co-operative Societies Act, 1925 (Bombay Act VII of 1925), as in force in the Bombay Area. the Madras Co-operative Societies Act, 1932 (Madras Act IV

52. Added by Mysore Act 40 of 1964.
53. Inserted by Mysore Act 40 of 1964.

of 1932) and the Madras Co-operative Land Mortgage Banks Act, 1934 (Madras Act X of 1934), as in force in the Madras Area, the Coorg Co-operative Societies Act, 1936 (Coorg Act II of 1936), as in force in Coorg District, the Mysore Co-operative Societies Act, 1948 (Mysore Act LII of 1948) as in force in the Mysore Area, the Hyderabad Co-operative Societies Act, 1952 (Hyderabad Act XVI of 1952), and the Hyderabad Co-operative Land Mortgage Banks Act, 1349 F (Hyderabad Act II of 1349 Fasli), as in force in the Hyderabad Area, are hereby repealed:

Provided that any co-operative society existing on the date of commencement of this Act which has been registered or deemed to be registered under any of the aforesaid repealed enactments shall be deemed to be registered under this Act; and the bye-laws of such society shall so far as they are not inconsistent with the provisions of this Act or the rules made thereunder, continue in force until altered or rescinded in accordance with the provisions of this Act and the rules made thereunder:

Provided further that subject to the preceding proviso section 6 of the Mysore General Clauses Act, 1899 (Mysore Act III of 1899) shall be applicable in respect of the repeal of the said enactments and sections 8 and 24 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by a Mysore Act.

132. *Power to remove difficulties.*—(1) If any difficulty arises in giving effect to the provisions of this Act in consequence of the transition to the said provisions from the provisions of the Acts in force immediately before the commencement of this Act, the State Government, may, by notification in the official Gazette, make such provisions as appear to it to be necessary or expedient for removing the difficulty.

(2) If any difficulty arises in giving effect to the provisions of this Act (otherwise than in relation to the transition from the provisions of the Acts in force before the commencement of this Act), the State Government may by notification make such provisions, not inconsistent with the purposes of this Act, as appear to it to be necessary or expedient for removing the difficulty.